

EUROPEAN NEWS

Papandreu seeks to repeat conjuring trick on US air bases

DR Andreas Papandreu's Socialist Government pulled off an audacious conjuring trick in September 1983.

Elected to power 23 months earlier on a platform of closing down the four US military bases in Greece, it signed a new defence and economic co-operation agreement (Deca) with Washington which extended their operation for a further five years.

Following the signature, dozens of banners appeared overnight in Athens proclaiming in bold Socialist Party green: "The struggle has been vindicated. The bases are going." The Deca itself was officially billed: "An agreement for the removal of the bases."

The conjuring trick may not have fooled everyone, but it was helped by popular discontent with the Government's domestic policies, particularly an expansionist economy policy featuring generous increases in wages and pensions. It worked sufficiently well to permit Dr Papandreu to secure a second term in office on the strength of the radical left vote, in general elections in June 1985.

The question preoccupying the political observers today is whether the Prime Minister can pull off a similar trick on the

bases a second time.

Dr Papandreu is faced with an awkward combination of circumstances. The next Greek general election is normally due in June 1989. The bases problem, however, must be resolved before then. The Deca expired at the end of 1988 but the US has let it be known that, for budgetary reasons among others, funds must be earmarked for the dismantling and relocation of the bases if Greece does decide to close them down. It needs to know by the end of next summer, in general terms at least, whether the bases are to go or stay.

At the same time, the Government's standing with radical left voters has deteriorated sharply since June 1985. Both

Communist opposition supporters, who voted for Dr Papandreu in the 1985 general elections in order to block a return of the conservative New Democracy Party (Greece's main opposition group) to power, and members of the left wing of the Socialist Party, are now profoundly disaffected with the economic austerity policy launched by the Government in the immediate aftermath of the election.

By extension, they are a great deal less disposed to tolerate

Andriana Ierodiaconou reports from Athens on the dilemma confronting Dr Papandreu (right) as he faces US demands that he decide the fate of the four air bases he has pledged to remove, but which have continued to operate since his election in 1983



and Greece's membership of Nato. The American bases were first set up in Greece under an agreement signed in 1953, the year after Greece joined the Atlantic alliance. The facilities support surveillance flights in the Middle East and monitor Soviet activity in the eastern Mediterranean.

There need be no contradiction, they argue, between removing the bases and remaining a firmly committed member of the Western strategic camp. Moreover, Western observers believe that closing the US facilities would cast a chill on Greece's relations not only with the US, but also with its other allies in Nato—a forum in which the Greeks are engaged in a fierce contest for political support with Turkey.

In public statements since the October municipal vote Dr Papandreu has ruled out the widely discussed option that of calling an early general election to present the American bases, and voices across the political spectrum in which the Greeks are engaged in a fierce contest for political support with Turkey.

On the political front, Greek officials are at pains to stress that there is no linkage between the presence of the US bases

and the bases in the face of vociferous Socialist and Communist opposition.

Meanwhile the bases issue appears to be in a hiatus. The two sides are understood to have agreed during a visit to Athens last March by Mr George Shultz, the US Secretary of State, to launch preliminary discussions to determine whether the Papandreu Government is prepared to extend the bases' tenure beyond the end of the present Deca in December 1988.

The US was expected to explore the basis for these discussions during a return visit to Washington last November by Mr Karolos Papoulias, the Greek Foreign Minister.

According to both Greek and US officials, however, the talks have not started yet, nor has it been decided on what level they are to be conducted.

Most American and Greek observers believe that the US bases will continue to be a source of friction, and voices across the political spectrum in which the Greeks are engaged in a fierce contest for political support with Turkey.

The Prime Minister isn't going to try and solve his domestic political problems using foreign policy issues," one Greek official said. "But the bases can't continue to operate as they do today after 1988. When we start discussions we have to consider all possible options—not only that of the bases staying. The Americans have to understand that."

Airlines' fare price fixing faces challenge

By William Dawkins in Brussels

AN IMPORTANT legal challenge to the fare pricing practices of European airlines is likely to emerge in the spring at the European Court of Justice in Luxembourg.

The court, the highest legal court in the EEC, said yesterday that the West German Supreme Court had referred a case questioning the legality of cut-price tickets offered by a Frankfurt travel agent. Also involved is the question of whether travel agents should be allowed to sell home tickets bought in other countries.

This compromise would also preserve what is generally regarded as the least easily replaceable US installation in Greece—that at Souda Bay on Crete, which has a natural harbour to accommodate most of the US Sixth Fleet.

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Bonn junior coalition partner urges tax cut stimulus for economy

BY DAVID MARCH IN BONN

WEST GERMANY'S liberal Free Democratic Party (FDP), the junior partner in the centrist Bonn coalition, has called for tax cuts this year to prevent the economic upswing running out of steam.

The demand contrasts with the Government's increasingly strained official policy line that there is no need to boost the economy. It has upset Chancellor Helmut Kohl's Christian Democratic Party, the dominant force in the administration.

At a pre-election meeting in Stuttgart yesterday of the FDP's executive board, party officials said that tax reductions originally programmed for 1988 could be brought forward to this year.

Count Otto Lamberti, the former Economics Minister, and economic policy spokesman of the FDP parliamentary group, said: "The demand for a political capital" out of what they regard as "their" strike.

Moreover, an intensification of the current conflict which could eventually precipitate an early presidential election is not seen as necessarily in the Communists' interest. The issue is ultimately whether the Communists feel confident that they would not suffer yet another electoral humiliation.

This view is rebuffed by Mr Gerhard Stoltenberg, the Finance Minister, who is sticking to the view that additional action is unnecessary.

However, the official government line has appeared increasingly threadbare in recent months as signs have multiplied of flagging domestic demand and of problems for West Germany's exports.

Provisional statistics yesterday from the federal statistics office also indicated that the economy is becoming increasingly sluggish.

Incoming orders for manufacturing industry fell 1 per cent in November compared with October in real, seasonally adjusted terms. Orders in October and November together fell 4 per cent compared with the same period in 1985.

Industrial production in November rose by 1 per cent, boosted above all by an increase in construction activity. Over the past year however, industrial output has risen only 0.5 per cent.

The demand for a tax cut stimulus for the economy forecast to grow by only 1.5% this year

BY LESLIE COLLYT IN BERLIN

THE WEST GERMAN economy will expand by only 1.5 per cent this year as a result of stagnating exports and slack domestic demand according to the German Institute of Economic Research (DIW).

This is the lowest estimate yet produced by any of the country's five main economic research institutes.

DIW recommended the Government yesterday to stimulate investment and consumer demand by reducing company and personal income taxes by up to 10 per cent this year.

Dr Hans-Juergen Krapp, head of the West Berlin-based institute, said: "Germany could afford to allow its economy to fall into recession by 1988 with more than 2 million jobless." DIW estimates that unemployment, which fell to 2.1m or 8.5 per cent in the latter half of 1986, will rise to 9 per cent in the first half of this year before edging back to 8.5 per cent in the second half.

The Government's advisory council of independent economic experts has predicted 2 per cent growth in gross national product this year and a 3 per cent increase in the second half. By contrast, the Institute of Economic Research in Hamburg which presented its forecast earlier this week said GNP would again grow by 2.5 per cent this year.

The highest growth prognosis, a 3 per cent expansion of GNP, was made last month by the Kiel Institute for World Economy.

The DIW expects capital goods investment to increase by 4 per cent this year compared with 6 per cent last year and 9 per cent in 1985. Exports in real terms are forecast to remain at last year's level, but imports to rise by some 4 per cent.

According to the report, trade performance will be largely influenced by the D-mark's strong rise against the dollar. West Germany's balance of payments surplus it says will shrink to DM 45bn (\$16bn) compared with more than DM 70bn last year.

The decline in growth this year it expects to be almost entirely a result of stagnating exports. The increase in domestic demand, by comparison, should only drop from 4 per cent to 3 per cent.

DIW notes that higher economic growth can only be achieved if domestic demand is stimulated by government economic policy. It sees little likelihood, however, of the Government accepting its proposal for temporary tax cuts which, it claims would release DM 20bn for extra investment and consumption.

Interest rates come down in Portugal

By Diana Smith in Lisbon

THE PORTUGUESE Finance Minister has lowered to 20 per cent the maximum ceiling on various types of short-term and long-term interest. Despite independent suggestions that reflation rate this year could reach around 18 per cent, Mr Miguel Cardoso insists that it will not rise above 8 per cent, therefore maximum interest charged on investment loans still appears to be probably high.

Concerned by sluggish response to its calls for more dynamic business investment, the Finance Ministry has announced that it is studying the possibility of freeing loans of more than three years from restrictive credit ceilings imposed on all financial institutions. Last year, loans of more than five years were removed from the ceilings.

This, however, did not produce a rush to new investment since the interest on such operations is almost impossible to bear for small businesses. The ministry has added a rider to its apparent liberalisation of longer-term lending, by saying that it would only authorise ceiling-free loans of more than five years if these were in the national interest.

PARTY SEIZES OPPORTUNITY TO MAKE UP LOST GROUND

Strikes give French Communists a boost

BY PAUL BETTS IN PARIS

THE FRENCH Communist Party and the Confederation Générale du Travail (CGT) — the country's largest labour confederation which is dominated by the Communists — are back on centre stage in France. The CGT yesterday organised a widespread strike in several public sectors crippling the Paris urban transport network, causing power cuts, and attempting to provoke unrest in postal services, as well as hacking the continuing disruptions in the railway system.

Mr Henri Krasnicki, the CGT leader yesterday again called for the strike movement to be spread to other public sectors as he led a protest march of railway workers from the Montparnasse station to the Bastille in Paris. In a long editorial in the Communist daily newspaper, *L'Humanité*, he called on workers to "stand up and march".

After suffering a steady decline in influence and votes, the Communists and their sister union appear to have found a second wind with the latest unexpected wave of labour unrest in France. Indeed, they were perhaps more surprised than

anyone else to see how the rail strike movement, started by workers, many of whom were acting independently of unions, has spilled over into other areas.

The CGT leadership had originally opposed a railway strike coinciding with the Christmas holiday. But seeing the scale of the movement, they quickly jumped on the bandwagon.

Both union and Communists are now actively seeking to destabilise the conservative government of Mr Jacques Chirac and his anti-inflationary economic policy. But the labour unrest represents a test for them too.

The rail dispute is the first major extended strike in the public sector — with the exception of the student unrest, which in many respects is a

special case — since the left came to power in 1981 and since there has been a traditional bastion of the Communists within the government, coinciding with the Socialist's three years ago.

In the intervening period, the Communists have seen their electoral influence decline to barely 10 per cent of the national vote in the legislative elections last March which put the right in government. The decline of the party has provoked a growing internal debate with an increasing number of dissidents, including younger generation Communists, questioning the leadership's hard-line Moscow-oriented policies. And this debate has also spilled over into the union.

Now, the railway strike, and the other sudden protest movements (such as the students') against specific government proposals has given the CGT and the Communists the opportunity to recoup some of the lost ground. It also gives the party a golden opportunity not only to attack the government, but also the Socialists for supporting wage restraint.

Both it and the CGT have been given a chance as well to test the level of popular support they can still count on. If the strike movement grows, it is bound to give renewed confidence to the Communists if it were to fizz out, however, it would present them with an even bigger dilemma.

Last night sections of the rank-and-file have indeed denounced the CGT's efforts (and hence those of the Communist party) to politicise their strike movement.

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Exports of electricity suspended as blackouts spread

BY MAURICE SAMUELSON

EXPORTS of French electricity to neighbouring countries, including Britain, were suspended yesterday as a result of deliberate voltage reductions by power station workers. Widespread and prolonged blackouts were also caused inside the country.

Electricité de France (EdF), which regularly exports much of its nuclear-generated power surplus across its borders and the English Channel, was virtually cut off from the rest of the European grid as the wave of industrial unrest spread to

power stations from the railways.

No power was exported to England via the 2,000 Mw sea link completed little more than two months ago at a cost of £760m.

Last night, EdF warned Britain's Central Electricity Generating Board to expect a further cut in current supplies.

Under the terms of the EdF contract, EdF is entitled to suspend deliveries for a specified number of days a year, but must give warnings to do so on a daily basis.

France's nuclear stations yesterday cut their output by 29,000 Mw, forcing EdF to start up more expensive coal- and oil-fired plant. But its output still fell 4,000 Mw short of the morning peak demand of 48,000 Mw.

Although EdF's links with the CEBG and other European utilities remain intact, in either direction, EdF made no attempt to import electricity.

It was restricted from doing so by an agreement whereby a country whose electricity supply is seriously disrupted is, in effect, disconnected from other parts of Europe. This is intended to prevent a chain reaction of power cuts in other countries. There would also have been strong union reaction in those countries had EdF attempted to import power.

With the French connection out of action, the CEBG has imported French power at the rate of 3m tonnes of coal equivalent a year, more than double the October level.

The seven unions representing UK power station staff have complained that the electricity industry has so far failed to disclose the terms under which the electricity is imported.

Delight at British Coal and among UK power union leaders, who view the link as a threat to British jobs.

Within a month of the link's completion in November, the CEBG was importing French power at the rate of 3m tonnes of coal equivalent a year, more than double the October level.

The Administration has task forces hard at work on proposals for new "competitiveness" legislation, some of which may be offered in the President's State-of-the-Union message. Mr Yentler has laid the groundwork for co-operation with Congress, but will try to head off the most "noisy" protectionist measures.

• Sir Geoffrey Howe, the British Foreign Secretary, was due to meet Mr George Shultz, US Secretary of State, in Bermuda last night as part of EEC efforts to head off the trade war.

The new round, he said, should produce a "mid-term" package in two to three years, which would include new safeguards and countervailing codes, a tropical products

package lowering tariffs, principles for trade in services and an agricultural agreement.

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Speaking in Kabul on Monday, he said that a ceasefire was the "indispensable prerequisite" for a permanent end to the war. The Soviet Union had a stronger wish than almost anybody for an end to the conflict.

He said this would "mean an early return to their homelands by the Soviet troops, by all our ladies who are being awaited back home so eagerly." Mr Shevardnadze said he believed a political settlement in Afghanistan,

after seven years of fighting, "is feasible and as close as never before."

The presence in Kabul of Mr Shevardnadze and Mr Anatoly Dobrynin, the Communist party central committee secretary for foreign affairs, in the second half of January, is a demonstration of solidarity by Moscow timed to coincide with the offer of a ceasefire.

The Community party daily newspaper, *Pravda*, said yesterday that the ceasefire offer was an indication of the strength of the Kabul Government and not weakness.

Mr Shevardnadze said the Soviet Union was convinced

that Afghanistan's neighbours were interested in peace.

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US 'willing to accept grain sales compensation'

BY NANCY DUNNE IN WASHINGTON

MR CLAYTON YEUTER, the US Trade Representative, said yesterday that the US would be willing to accept some compensation for the loss of feed grain sales to Spain in the form of industrial advantages in order to head off a potential trade war between the US and the EEC.

However, most of the compensation for \$40m

AMERICAN NEWS

Howe backs peace role of Contadora nations

By David Gardner in Mexico City
SIR GEOFFREY HOWE, the British Foreign Secretary, expressed strong support for efforts by the Contadora group of nations to bring a negotiated settlement to the conflicts in Central America, at the end of his official visit to Mexico yesterday.

"There is no doubt that a political solution is essential to the restoration of peace and stability to Central America," he said, adding that "a solution must come from the region itself; it cannot be imposed from outside."

Sir Geoffrey had earlier visited Colombia, which, with Mexico, Panama and Venezuela, makes up the Contadora group, which has additional regional backing from the so-called support group composed of Peru, Brazil, Argentina and Uruguay.

He said next month's meeting in Geneva between EEC and Contadora ministers, the third in the series which began in San José, Costa Rica, in 1984 and continues in Luxembourg in 1985, would "reaffirm the plan already disclosed for substantially increased EEC aid" to the region.

In talks with President Miguel de la Madrid and Finance, Trade, Energy and Foreign ministers, Sir Geoffrey expressed warm admiration for the ways in which Mexico had tackled its structural economic problems and at the same time welcomed the recent refinancing agreements Mexico had reached with the holders of its \$100bn (26.5bn) foreign debt.

Yesterday, Sir Geoffrey returned his desire to discuss the Falklands Islands, on which Britain and the Argentine went to war in 1982. But he stressed Britain would not negotiate sovereignty over the islands.

Lionel Barber reports on a change of tactics on the defence budget

Weinberger adopts new austerity

BUILT LIKE a pocket battleship, Mr Caspar Weinberger has been able to seek out and destroy most critics of his spending plans during his six years as US Defence Secretary. But in the past two years his mission has been progressively harder—to the point where his budget for fiscal year 1988 borders on the austere by his standards.

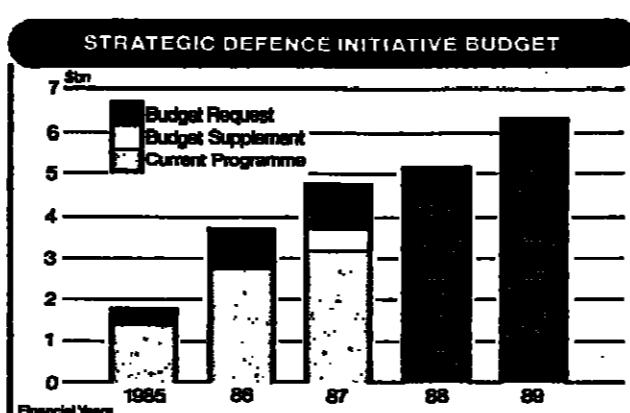
On Monday, standing before more than 100 reporters in the inner recesses of the Pentagon, Mr Weinberger presented plans for a \$312bn national defence budget which includes a request to Congress for a 3 per cent increase above the anticipated rate of inflation for each of the five years to 1992.

This may seem ambitious, but it is a far cry from the early years of the Reagan presidency when Mr Weinberger secured increases averaging 7 per cent.

The austerity reflects the new political realism. Faced with majorities held by the opposition Democrats in both the House and Senate, President Reagan and Mr Weinberger have sensed there is little point in antagonising them with unrealistic demands. It also reflects concern among both Republicans and Democrats about the size of the budget which will be more than \$170bn in the 1987 fiscal year, starting last October.

Over the next two years the Pentagon, led by Mr Weinberger, and Capitol Hill, led by the Democrats, will have to find some way to fashion a compromise over the need to cut back the deficit and yet fulfil national security needs. How the struggle plays out could decisively affect the presidential election in 1988.

Mr Weinberger has sought a fresh start in one respect by seeking to put together a two year budget proposal in line with demands from Congress. This is not purely cosmetic, since defence contracting and spending live more easily in



longer time frames than the 12-month calendar of fiscal years; this could be a first step towards better planning and use of money.

Equally significant, however, is the way Mr Weinberger proposes to get more bang from his many billions of bucks. The answer lies in strategic programmes, with huge increases sought for the exotic technologies of the Strategic Defence Initiative (SDI) star wars system, the multi-warhead intercontinental MX missiles and a variety of anti-satellite (Asat) weapons research which shows the fast modern warfare is moving from earth into the heavens.

For example, under President Reagan's budget for fiscal year (FY) 1988, SDI research funds will jump from \$3.6bn to \$5.9bn (including money in the easily overlooked US Energy Department budget). Money for the MX would rise from the \$1.5bn figure in FY 1987 to \$3.4bn. The budget for Asat weapons research would more than treble from \$189m to \$750m in FY 1988.

By contrast, the US army, navy, air force and marine corps will have to curb their appetites for the "gee-whiz" weapons which can fly upside down, 900 mph at night, hit a target and come back intact. Indeed, some believe that the multi-warhead delivery of the present budget will mean fewer bullets and bombs, making it more difficult for the armed forces to fight a non-nuclear war.

Under the FY 1988 budget, the army would buy 600 tanks instead of the planned 240, the navy would build 16 rather than the 24 ships planned (though Mr Weinberger insists that his pledge for a 60-vessel fleet by 1990 still stands) and the air force would have to drop its goal of 40 tactical wings (of about 72 planes each) and settle for 37 wings instead.

Democratic defence experts such as Senator Sam Nunn of Georgia and Rep Leo Aspin of Wisconsin in the House are worried about Mr Weinberger's apparent lack of support for conventional weaponry at the expense of the as yet unproven high-technology systems such as star wars.

There is every suggestion, therefore, that President Reagan will not get anywhere near the \$5.8bn he wants for star wars, especially after Congress cut this year's request by almost 40 per cent. Mr Weinberger, sensing the threat to SDI, has just made a cheeky \$2.5bn supplemental request

for fiscal year 1988 which included some \$500m for star wars.

But the Democrats will be keen not to appear to be going soft on defence in the run-up to the presidential election. Though Mr Nunn has said that the White House will be lucky to get away this year with a spending increase above the rate of inflation, this can be dismissed in part as part of the poker game between Congress and the Administration.

Democrats are also aware that they cannot risk being accused as they were in the 1970s, of cutting back on national defence to promote their own favoured domestic programmes. When Mr Ronald Reagan won a landslide victory in 1980, Americans had a widespread perception that their country had fallen behind the Soviet Union in its national defences. This, more than anything else, was the reason for the big rearmament programme started by Mr Reagan and Mr Weinberger — and readily accepted by Congress.

That build-up is now beginning to crumble, undermined by Congress but by its own actions. According to congressional experts and several Pentagon planners, the military would need average annual real growth of 6 per cent between now and 1991 to reach its goals. Scores of programmes, some started, some planned, are now under threat.

But with the federal deficit hanging over all budget negotiations for the next 10 months, the temptation will be to employ much of the short term trickery of the past.

Last year programmes were stretched out and pay day for the troops and Pentagon civilians was set to be delayed by 24 hours so it would fall into the next fiscal year. The challenge for both Congress and the Administration will be to come up with something more realistic to restore some order

Unions call mass strike in protest at Alfonsin

By Tim Coone in Buenos Aires

THE ARGENTINE General Workers' Confederation is to take more industrial action against the Government's economic policy, which will include another nationwide 24-hour general strike on January 26. It will be the eighth general stoppage since the Alfonsin Government came to power in December 1983.

The confederation leadership agreed to the plan on Monday night after a series of contacts between the Government and union leaders failed to reach agreement.

The confederation has proposed a five-point "social contract" to the Government. This is made up of a big increase in the basic wage; a revision of collective agreements on the basis of this increase; the possibility of early retirement; the social contract; and a target date to be set for a full return to free collective bargaining between unions and employers.

Surprisingly, these five points do not make any mention of a moratorium of the foreign debt, which in the past has been a principal confederation demand, although, if the Government were to agree to the latest proposal, it would torpedo the negotiations under way between the Government and the International Monetary Fund for a new \$1.25bn (2814.8m) standby loan and \$350m in compensatory finance.

The Government is now operating a system of price and wage controls with free collective bargaining confined to within a band of 7 to 11 per cent increases in the first quarter of this year.

President Alfonsin's economic team aims to reduce inflation to 40 per cent in 1987 from the 90 per cent of 1986.

It is strongly against any major relaxation of wage controls, arguing that this would cause another big increase in the inflation rate and complicate debt rescheduling agreements and negotiations for new loans.

Debt rescheduling talks with the Argentine's private bank creditors are to begin as soon as agreement is reached with the IMF. This will be before the end of the month.

Missile attack off US helicopter

THE PENTAGON said yesterday it would investigate an unprovoked missile attack on a US Navy helicopter flying a routine surveillance mission in the Gulf, AP reports from Washington.

The attack, which the Pentagon said happened on Monday morning, came as the helicopter approached an unidentified merchant ship sailing off the coast of the United Arab Emirates. The vessel fired a single surface-to-air missile, which the helicopter managed to evade, the Pentagon said.

The missile passed within about 300 yards of the helicopter, which was operating at 10,000ft, AP said.

Sarney faces growing pressure as inflation policy suffers setback

By IVO DAWNAY IN RIO DE JANEIRO

CONFIDENCE in Brazil's efforts to fight inflation plummeted yesterday as annualised interest rates on 60-day certificates of bank deposits hit a record of 300 per cent.

The 30 percentage point rise, following a 50 percentage point increase on Monday, has underlined the market's deep-rooted scepticism over the economic policies of President José Sarney's Government.

Last month, the authorities had hoped to reverse the escalating cost of borrowing with a measure linking private sector rates to the Government's inflation-proofed letters of bank deposit. Though this fundamentally undermined its anti-inflationary strategy, the move was deemed essential to promote industrial investment.

A further flurry of financial adjustments last week have also failed to drive down rates. Since Monday, the deteriorating economic outlook has wiped more than 11 per cent off the total value of shares on São Paulo's key Bovespa stock-market index, leaving it below the psychologically important 8,000 point level.

Shultz flies to black Africa for his first official visit

By MICHAEL HOLMAN, AFRICA EDITOR

strong criticism of US policy towards South Africa, including the Administration's reluctance to step up the campaign of limited economic sanctions now in force.

His most friendly reception may be in Kenya, a staunch ally of the West, favoured both for its pro-Western capitalist economic policies and President Daniel arap Moi's willingness to allow the US use of military facilities, including the strategic Indian Ocean port of Mombasa. But the combination of rising unemployment, Africa's high rate of population increase, a growing land shortage and a dissident movement called Mwakenya may give Mr Shultz cause for concern.

Economic progress in the Ivory Coast since independence will allow Mr Shultz to cite the government of President Félix Houphouët-Boigny as a model of what can be achieved under a free market economy. The most awkward part of his tour may come in Liberia, in severe economic difficulties and with a poor human rights record.

Liberia's relationship with the US, the country's most important ally, has been uneasy since Samuel Doe, a young army sergeant, took power in 1980. Mr Doe's authoritarian administration embarrassed Washington when the 1985 elections purportedly returning the country to a multi-party democracy, were rigged.

The most sensitive regional issue, with wider implications, is the continuing conflict in Chad, where the Government has accused Libya of intervening.

Washington has backed the Government of Mr Hissene Habré,



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UK NEWS

Teachers' pay deal still in balance

By David Brindle

THE SALARY and conditions agreement reached between unions representing a majority of teachers in England and Wales and the local authority employers is expected to be ratified today at what may be the last meeting of the 68-year-old Burnham pay negotiating committee.

However, the move is unlikely to bring about the end of the long-running teachers' dispute. The odds remain high of the Government imposing a settlement at the same time as it abolishes Burnham under legislation being debated next week in the House of Lords.

In spite of informal negotiations earlier this week, it remains unclear whether the Labour-led employers will today formally table their proposals to amend the outline agreement to try to make it more acceptable to the Government.

Mr Kenneth Baker, Education Secretary, has made it clear he considers as too high the proposed £15,050 salary scale maximum for the average teacher. He also wants at least four levels of supplementary allowance for merit, compared to the two levels of £779 and £2,077 presently specified in the agreement.

If the employers do put forward amendments, these are likely only to introduce one extra tier of allowance and to stagger further the implementation of the 15-month agreement, bringing its cost down to the 10.4 per cent or £90m limit set by Mr Baker.

Feeling in the bigger unions is strongly against reducing the scale maximum. At a meeting on Monday of the 80-strong ruling executive of the Assistant Masters and Mistresses' Association, the third biggest of the six unions, fewer than six executive members voted for a proposal to cut the maximum to improve allowances.

Majorities on each side at today's Burnham meeting are expected to favour ratifying the agreement - whether or not it is amended - in a move which would ordinarily require the Education Secretary automatically to implement the statutory committee's wishes.

COCA-COLA & SCHWEPPES LAUNCH MAJOR CHALLENGE TO BRITVIC CORONA

Hard battle looms in soft drinks

By CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

COCA-COLA & Schweppes Beverages, one of the pair of powerful new groups which now dominate Britain's soft drinks industry, will invest £80m this year as it sets out to capture a third of the £2bn market for fizzy drinks, squashes, mixers and fruit juices.

The joint venture between Coca-Cola of the US and Cadbury Schweppes of the UK, which started trading on Monday, has set itself a retail sales target for the first year of £750m.

Advertising alone will swallow £30m in 1987, and a further £20m will be spent on other promotional and marketing efforts, the company said yesterday.

Manufacturing, bottling and distribution will be boosted by £22m-worth of investment during the year; this will be spent on vending and draught drink dispensers, and

£1m will go on computers and systems.

This forceful launch by two of the world's best-known soft drinks names, offers a considerable challenge to the second emergent group, Britvic Corona, operated jointly by Pepsi-Cola and UK brewers Bass, Whitbread and Allied- Lyons.

This venture, which began operating on January 1, has yet to unveil its plans, but similar aggression can be expected, given Pepsi-Cola's stake in the group and its long-standing struggle to dent Coke's domination of the UK soft drink market. Coca-Cola currently outsells Pepsi, four-to-one in Britain.

The two groups share about 50 per cent of the soft drinks trade, with the balance split among 180 other smaller companies.

Outfitting the Coca-Cola &

Schweppes strategy, Mr Derek Williams, managing director, said that although the UK soft drinks market had grown 48 per cent in value since 1981, its full potential had not been realised. Mr Williams said he planned to double the rate of market growth over the next five years.

UK consumption of 182 litres a head lagged behind the US (233 litres), West Germany (182) and Belgium (185).

He claimed his new company already sold a third of all carbonated drinks consumed in Britain and accounted for a quarter of the soft drinks trade overall.

Rationalisation of the two companies' bottling and distribution produced small advantages, according to Mr John Sunderland, commercial director. "Instead of fragmented organisations competing

with each other to sell the same brands, we now have one company which can sell the acknowledged market leaders in every major sector," he said.

Economics of scale would free resources for promotion, and the link would simplify life for the trade with a co-ordinated range, one sales call, one delivery, one invoice."

As well as Coke and the Schweppes labels, the Coca-Cola & Schweppes Beverages portfolio includes Fanta, Lilt, Quattro, Rose, Lime Juice and Kla-Ore.

Britvic Corona's main brands include Pepsi, 7-Up, Britvic juices, R. White's lemonade and Canada Dry. It extended its range last October when it paid Beecham Group about £130m for the Corona, Irisk, Hums, Tango and Quosh names.

P&O may invest £25m on refit for Canberra

By Kevin Brown

PENINSULA & ORIENTAL Steam Navigation (P&O), the UK's biggest shipping company, is considering spending around £25m on a refit to extend the life of its flagship cruise liner, Canberra, by up to 15 years.

P&O is expected to invite tenders for the work next year. No decision has been made on whether the contract will go to a British or overseas shipyard. Canberra sailed from Southampton last night for its first world cruise since a £1m refit at the Lloydwerf shipyard in Bremerhaven, West Germany, in December.

A more extensive refit is thought to be necessary, however, if the 36-year-old ship is to remain profitable in the increasingly competitive cruise market.

A project team set up by P&O to evaluate the future of Canberra is expected to produce a preliminary report at the end of this year. The team is considering replacement of around 400 cabins - nearly two-thirds of the total - many of which were originally built for use by British emigrants to Australia.

The ship's hull and superstructure are said to be in good condition, however, and the engines have been modified to save money by cruising slowly.

Canberra has been consistently profitable for a number of years, and is believed to generate turnover in the region of £25m a year. This is regarded by P&O as sufficient to justify the cost of a major refit.

Fight to save Cummins plant

Financial Times Reporter

UNION LEADERS from a Cummins Engines factory in Darlington, north east England, left Britain yesterday for the company's headquarters at Columbus, Indiana, where they will put proposals aimed at preventing closure of the UK plant with a loss of 500 jobs.

The union leaders will meet Mr Jim Henderson, Cummins world president, and ask him to suspend plans for a phased shutdown of the Darlington components plant. Instead, they will suggest that the company should explore the possibility of diversifying and taking in sub-contract work.

Industry unit labour costs 'may slow to standstill' this year

By PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE COST performance of British manufacturing industry has improved dramatically over the past year, and unit labour costs may show no growth at all in 1987, a leading London securities house said.

In an unusually optimistic assessment of trends in productivity and labour costs, Credit Suisse First Boston says that the recent upturn in manufacturing output has been accompanied by strong growth in wages and despite continuing strong growth in wages and despite continuing strong growth in wages and

productivity. The apparent paradox is explained by an acceleration in the pace of productivity gains.

The securities house says that although year-on-year comparisons show unit labour costs in manufacturing rising by more than 3.5

per cent in the autumn months of 1986, those figures disguise a strong improvement during the year.

Between January and October 1986, the latest months for which figures are available, there was no increase at all in unit labour costs in manufacturing, despite continuing strong growth in wages and

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MANAGEMENT

Canadian/US banking

The bright light in BMO's firmament

Bernard Simon on the ramifications of a cross-border takeover

AMONG foreign banks which have taken the ambitious plunge into US retail banking, Bank of Montreal (BMO) is one of the few whose experience has brought more joy than sorrow.

BMO has quickly reaped dividends from its purchase in September 1984 of Harris Bankcorp of Chicago, the third biggest bank in the state of Illinois. Its experience contrasts sharply with Britain's Midland Bank and Lloyds Bank, both of which have cut short their forays into California and with other foreign banks such as Hongkong and Shanghai Banking Corp which have taken several years to get their US acquisitions into gear.

BMO's acquisition of Harris is widely regarded as one of the masterstrokes in Canadian banking in recent years. This is particularly so in the light of widespread criticism that BMO suffers from autocratic and shortsighted management. Doubts about the management skills of BMO's strong-willed chairman William Mulholland reached a peak at the same time as the Harris takeover, when four of BMO's most senior officers, including a vice-chairman, resigned.

The wisdom of BMO's purchase is apparent from its recent financial results. BMO, the seventh largest bank in North America with assets of C\$88bn, is seven times bigger than Harris. But the Chicago bank contributed more than a quarter of BMO's earnings of C\$3.5bn in the year to October 31 1986.

Neil Withers, banking analyst at the securities firm Richard G. Thompson of Canada, says that "Harris is the one bright light in BMO's firmament. It points out how abysmally bad the rest of the bank is."

Part of the explanation for the Canadian's success may be a simple fact of geography. Toronto, where BMO's main offices are located, is only 500 miles from Chicago. The proximity of the two banks makes it easy for a dozen of Harris's

senior managers to fly to Toronto together at least once a year for "getting-to-know-you" sessions with their BMO colleagues.

American-raised Mulholland, whose early career included a partnership at the US investment bank Morgan Stanley, says that this Canadian bank in the US "is slightly better than being English and a good deal better than being German."

But the successful match also owes much to the way in which BMO and Harris have combined resources to build on each other's strengths while shoring up their weaknesses. The acquisition has given BMO, in Mulholland's words, "a well-balanced, integrated operation in the US". Harris's business, which it has expanded in business to include trust and other non-credit services.

According to West, "we try to stick with the rule: how are we going to serve the customer best?" Marginal profits are a secondary consideration, he says.

The mutual benefits which have flowed from the association are vividly illustrated by BMO's decision to set up its own credit office on the 10th floor of Harris's Chicago headquarters. The 50-strong department, headed by a senior vice-president, enables the two banks to co-operate closely in making the large loans which Harris previously had to turn down.

According to Kenneth West, Harris's ablest spokesman, "we were being cut out of arrangements that historically we were in." Unable to compete with Harris since it joined forces with BMO. Pointing out that BMO has an office in Houston, West says he doubts whether Harris would have won the Shell business without the BMO connection.

On the other hand, the acquisition of Harris has considerably enhanced BMO's presence in the US. While the Canadian group is in the top league of international commercial banks, Canada's bank act has kept it out of fiduciary services. Harris's trust department — which administers assets of \$46bn — is the 14th biggest in the US. Its share transfer business is among the top five. The Chicago bank is also a

primary dealer in US govern-

ment securities.

The challenge facing the two banks has been to complement and (where necessary) supplement their services without creating a vacuum of guidance. This evolved. Overlapping functions have generally been put in the hands of the bank which initially had greater expertise or market share. Thus, BMO has taken over Harris's multinational customers and its energy and real estate business. But the Canadian bank has transferred part of its commercial lending operations in New York and Los Angeles to Harris, which it has expanded its business to include trust and other non-credit services.

According to West, "we try to stick with the rule: how are we going to serve the customer best?" Marginal profits are a secondary consideration, he says.

McDermott says that "Bank of Montreal certainly carries a strong reputation as a lending institution." But he adds that "I don't detect that there's been a major inroad [by Harris] into the market share of BMO."

One of BMO's key priorities in its seven-year hunt for a US acquisition was to avoid unpleasant surprises after the deal was done. With no surplus subsidiary to nurse an ailing subsidiary back to health, Mulholland says that "we picked our target banks for quality, not for availability. We started with the notion that we couldn't buy a cheap bank."

He recalls that before the sale was finalised, he, Harris's then-chairman, Charles Bliss, and West "talked and talked" about the two banks and their plans for the future.

As a result, BMO has been

able to continue supervision of its new subsidiary without severely financial controls. The two banks now use the same external auditors, and BMO monitors Harris's internal audit. Harris has switched to the Canadian bank's credit classification system, and BMO's chief credit

officer pays regular visits to Chicago. Each sits on the other's board.

But BMO has not found it

been successful in getting its senior officials into Harris.

On the contrary, the only noteworthy exchange of personnel has been the appointment of a Harris man, Jeffrey Chisholm, as BMO's treasurer in Toronto.

One department head has left Harris since the deal was finalised. "We have the Harris management manage the Harris bank," says Mulholland, adding that "the quickest way to lose people is to treat them like office boys."

Reluctant

Such views may surprise those accustomed to hearing stories about the tight rein which Mulholland holds at BMO.

Asked "God" — by his subordinates — Mulholland has acquired a reputation in Canadian financial circles as a reclusive delegator who prefers talking to listening, and inspires little personal loyalty among his staff. According to Withers at Richardson Green-

shields, "the management style has led to a morale problem. No matter how astute Mr Mulholland may be, the bank is too big for one person to be making most of the significant decisions."

West declines to comment on the apparent paradox between the way Mulholland oversees the Toronto and Chicago banks. He says that the two of them "get along very well. I think I have earned his respect." He describes BMO's chairman as a "very perceptive, global-thinking sort of guy."

Mulholland responds to ques-

tions on his management style

with an icy silence. "I wouldn't

full over the next few years. I

were offered the chance to

expand

its

offices

and

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on

JOBS

Stupidity of barring unemployed applicants

BY MICHAEL DIXON

THE START of this new year coincides with the Jobs column's 14th birthday. And the wish it would like to have granted to mark those occasions is that it should never again see an advertisement of the sort perpetrated recently by recruitment consultant Malcolm Green of Evesham in Worcestershire.

"Without being unsympathetic," he boomed in bold type while offering a general manager's post with an unnamed engineering company in north London, "this particular appointment is not suited at the ranks of unemployed concerning."

Unless Mr Green forgets his experiences extraordinarily quickly, it seems doubtful that he has ever been among those ranks himself. Otherwise he would know that the out-of-work managers he bars from applying will feel no need for his protestation that he does so without unsympathy.

Nevertheless I hope he will accept that I am not being unsympathetic either in criticising him for barring jobless unemployed applicants. While he may be unusual in advertising the fact, many other recruiters do the same furtively. Nor in the last analysis are such bans the fault of recruitment consultants. If they rule out jobless applicants the primary blame must lie with the direct employers whose

instructions the "middle-men" consultants are bound to follow. Even so I feel that few if any of them do as much as they could to persuade their employer-clients not to impose blanket bans on people who happen to be out of work.

The stupidity of imposing them has been several times shown by researchers. A recent example — reported in this column on October 22 — is the study of unemployed managers made by Britain's Cranfield Management School with support from the Pauline Hyde and Associates redundancy-counselling concern.

The research indicated that while the executives who had been sacked tended to be less conformist and politically shrewd than those who survive in the organisation, they were more balanced, more energetic, imaginative and creative. In short they seemed to be the very people a company needs to keep if it is to be enterprising and innovative enough to remain successful in a time of fierce competition and thoroughgoing change.

But that finding of the Cranfield study is not the only pointer to the stupidity of absolutely banning jobless applicants. Besides ruling out workers who have been sacked individually, those bans also eliminate people pitched out wholesale by the failure of their organisation because of

the faults of its senior management. Indeed, at times like the present, it could be that the risk to an employer of choosing a candidate who falls short of its requirements is being outweighed increasingly by the risk to the candidate of selecting a company not up to the challenge of change.

If so, they might do well not only to consult standard indicators such as reports in the business press but also to keep an eye out for, and be wary of, any organisation that imposes blanket bans on the unemployed.

Moreover there is another possible way of assessing companies' ability to be innovative and other qualities that are important enough to succeed in times of change. I have been alerted to it by the sociologist Jack Winkler and am hoping that, since today is the Jobs column's birthday, readers may be willing to give it a present by helping to test the potential indicator by answering a few questions.

Before asking them, however, I will explain a couple of pretty unfamiliar terms which the exercise requires me to use. By

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the various things that you actually do in your work. By the "duties" of the job, on the other hand, I mean the things that you are formally supposed to do by your organisation. In the extent that you feel worried even if you do not risk punishment when you do not do them.

Now to the first question. Which of the following three statements applies to the job you are currently doing: (A) the tasks outnumber the duties, (B) the tasks and duties are well balanced, (C) the duties outnumber the tasks?

The second question is which of the three would apply in the job you would ideally like to have?

Since I cannot say more about the exercise without pre-judging the outcome of the test, will let the matter rest for the time being. But if a reasonable number of readers are generous enough to scribble their answers on bits of paper and send them to me, I will report the results and explain further in a couple of weeks or so.

Paperwork aces

THE City of London's conversion to electronic technology as part of the so-called big bang has evidently had the same effect as most other large-scale computerisation. Although theoretically supposed to reduce the need for old-style paper-

Reinsurance

NEXT to Bermuda where recruiter Trevor James of the IPS consultancy in London wishes to send a bulk shipment of about nine qualified accountants to join a reinsurance company. Candidates should have at least three years' experience in the same kind of activity and be familiar with its culture as well as its business technicalities.

As he may not name them, like the other headhunters he mentioned earlier, promises to abide by any applicant's request not to be identified to the employer at this stage of the proceedings.

In both cases the incoming recruits will have minimum £30,000-plus with the other three being on about £20,000, all enjoying the usual plushy London banking perks.

But one team will specialise in Far East dealings whereas the other will concentrate on Europe.

But the two quartets of bummers do not exhaust Mr Kerrigan's current order book. On behalf of yet another City institution he is also seeking a settlements manager to start at associate-director level and swiftly earn promotion to full board status.

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Inquiries to George Wakely,

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LAST TODAY is a job which is described by the headhunter offering it as "an opportunity to go up in the world." The reason is that the company in question, which needs an engineer with commercial and managerial skills to boot, is a London-based life manufacturer.

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This is the second of two quartets of bummers.

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Financial Accountant

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Group H/Q Accountant

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Lectureship in Accounting

Senior Auditors

Financial Analysis Advisor

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SYDNEY

LONDON

HONG KONG

During the latter part of 1986 we were retained by a number of clients to seek experienced banking/finance staff early in 1987 to fulfil expansion plans. We list below various positions that have just become active and would ask you to contact us if you fulfil the requirements. We are taking new vacancies hourly, so please telephone us to discuss the up to date recruitment situation.

BOND DEALER — FRN's/Straights
BOND SALES — European language useful, not always essential
BRANCH ACCOUNTANT — ACA with banking
CORPORATE DEALER — Treasury operation
CORPORATE/PROJECT FINANCE — Various levels
CREDIT ANALYST — US bank trained
ENERGIES FUTURES DEALERS
FOREIGN EXCHANGE DEALER — Spot/forward
FRN TRADER — 2 years experience
HEAD OF BULLION VAULT
LENDING — UK corporate
LENDING — UK personal
OPERATIONS — Foreign Exchange bias
PRODUCT DEVELOPMENT ANALYST
US EQUITIES MANAGER/ASSISTANT DIRECTOR

Please contact Richard Meredith, Anne Fenwick, Anne Griggs, Michael Hutchings, Nigel Haworth or Karyn Rutherford.

£30,000
 £50,000
 £25,000
 £25,000
 £30,000
 £20,000
 £10,000
 £25,000
 £245,000
 £10,000
 £25,000
 £20,000
 £20,000
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Jonathan Wren
 Recruitment Consultants
 No.1 New Street, (off Bishopsgate), London EC2M 4TP.
 Telephone: 01-623 1266

Trade Finance Sutton, Surrey.

The Crown Agents is a major international purchasing organisation for Governments and Public Bodies Worldwide. A reorganisation of our General Financial Services Department has resulted in the following positions becoming available.

Trade Finance Manager

Up to £18K

To manage a small team responsible for the creation of innovative methods of financing projects undertaken worldwide. The postholder will have a Banking/Finance background with proven experience in Export Credit and project financing including a wide knowledge of all Trade Financing tools.

Documentary Credit Executive

Up to £15K

To provide specialist knowledge on the management of Letters of Credit, Bonds and Guarantees and to advise of any other Specialist methods of financing. Applicants should have at least 5 years experience of UK Banking and/or export finance procedures.

Specialist Funding Executive

Up to £15K

To provide advice on Export Financing Products with a working knowledge of International Export Insurance Agencies. We are looking for someone with at least 5 years relevant experience in trading/export/banking institutions.

Funding Clerk

Up to £7.5K

To assist the funding executive in monitoring business and financial activities for Crown Agents Clients. The successful candidate will be numerate with a good standard of English and the ability to absorb and apply complex regulations covering special funding.

The Crown Agents offer an excellent package including non-contributory pension scheme and life assurance. Please send full CVs to Miss M. Smythe to arrive not later than 15 January 1987.

Crown Agents

The Crown Agents for Overseas Governments and Administrations, Personnel Division, St. Nicholas House, St. Nicholas Road, Sutton, Surrey SM1 1RL.

The Crown Agents is an Equal Opportunities Employer.

James Capel & Co.

FUTURES

Due to expansion, we need to increase our Futures Team on LIFFE and wish to fill the following posts:

BOOTH MANAGER

Applicants should have a minimum of two years' experience of managing a busy booth operation. They should also have a good background of Client/Office liaison.

FLOOR TRADER

Applicants should preferably have experience in the long gilt, short sterling or options pits. We offer highly competitive salaries for both posts, together with bonuses, mortgage subsidy and private health cover.

If you think you can contribute to our growth and would like to join this team, please contact Richard Verlin 01-821 0027 or Andrew Church 01-823 0272 or write in confidence to Mrs. A. Fenn, Personnel Department, James Capel and Co. at the following address:

James Capel House
 P.O. Box 551, 6 Bevis Marks
 London EC3A 7JQ

Jonathan Wren

KLEINWORTH BENSON

Project Advisory Department

The continued success of our Corporate Finance Division has created a first class opportunity for a young, professionally qualified executive with a proven track record in project finance.

Ideally, candidates should have an excellent first degree, be a qualified Chartered Accountant or Solicitor, and have at least three years' experience in a project advisory team within a leading merchant bank or similar institution.

We offer a challenging career opportunity, together with an excellent financial package.

Please write in confidence to Mrs Alison Clements, Assistant Manager Personnel, Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Benson Group

FOREX

APPOINTMENTS
 For Forex, Capital Markets and Treasury appointments consult a specialist agency
 TERENCE STEPHENSON
 5-10 College Hill, London EC1R 1AS
 Tel: 01-348 0283

Recoveries Manager

(Corporate Banking Division)

The Co-operative Bank has recently completed a major strategic review, resulting in the adoption of an aggressive and positive Corporate Plan, designed to move the Bank sharply forward over the coming year and in this connection are looking to strengthen its senior team.

You will be responsible for leading a highly motivated team, which controls and recovers borrowing in the Corporate Sector.

Where events have dictated that such action is necessary, We would expect you to have had substantial relevant experience in a banking environment, including dealing direct with customers and their professional advisers, members of the legal and accountancy professions, financial institutions and Government agencies.

You will be thoroughly versed in banking, High Court and County Court practices, with a thorough knowledge of the Insolvency Laws and workings of Receivers and Liquidators, necessary to ensure a high level of debt recovery.

In return we offer you a remuneration package of around £22,000 together with a full range of Bank benefits.

Moreover, success in this position will certainly open up opportunities for further advancement.

If you feel you have these qualities, please write in strict confidence to: Kevin Farrell, Head of Personnel, Co-operative Bank plc, P.O. Box 101, 1 Balloon Street, Manchester M60 4EP, enclosing a curriculum vitae.

We are an equal opportunity employer.

THE CO-OPERATIVE BANK

Use your law degree, accounting or insurance qualification in the development of technical services and financial planning sales support.

Technical Services Life, Pensions and Unit Trust Products

Reigate, Surrey To £19,000 + Benefits

Crusader Insurance plc, owned by CIGNA Corporation, one of the world's most successful insurance companies is looking for two creative and dynamic professionals for its Technical Services team.

- For one of the above vacancies you will need to have a background of at least 3-5 years experience of the life insurance industry, including linked life and pensions products. As a key member of the team you will be responsible for both the development of technical and financial planning services and training support for sales staff and intermediaries, related to both existing and new products.

- For the other vacancy where an insurance background will be particularly useful, you will be responsible for producing technical literature including research and drafting.

These must be some of the most challenging and exciting life and pensions development appointments available at the moment, for which we will negotiate an excellent salary and benefits package.

Please telephone or apply in writing to: Mr John Henney, Personnel Department, Crusader Insurance plc, Reigate, Surrey RH2 8BL. Tel: (07372) 42424.

CRUSADER Insurance plc

Hoggett Bowers

Executive Search and Selection Consultants

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Equity Investment Manager

In the past 5 years our client's Pension Fund assets have risen to nearly £300M, with further significant growth anticipated. The Fund is successfully managed in-house by a small expert team in accordance with strategy determined by the Directors of the Trustee Company. The Fund is entrepreneurially managed and emphasises investment in small companies.

This is a new position which will have prime responsibility for the management of the equity portfolio currently worth £160M. The ideal candidate will have several years' experience in the management of institutional equity portfolios with proven performance.

Salary and benefits will reflect the specialised nature of the work.

Please write with CV including details of current remuneration to Dennis Hale, Ref. JH/B/2. Please list separately any companies to whom your application should not be sent.

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STOCKBROKERS A unique opportunity in Edinburgh

Montagu Loeb Stanley a leading firm of private client Asset Management Stockbrokers will be opening its first regional office in Edinburgh.

We require stockbrokers to promote our business in Scotland.

- The successful applicants will
 - have an established client base
 - have a proven record in business development
 - be self-motivated
 - welcome the autonomy this position offers.

Head office in the City of London will provide first class research and the backing of an efficient and computerised general office. The regional office will be in Melville Street, Edinburgh.

The remuneration package will be attractive to candidates of proven ability.

Please reply to John Roberts or Jim Bruce at Montagu Loeb Stanley Limited, 5th Floor, Capital House, 2 Festival Square, Edinburgh EH3 9SX.
 A member of the Saxe & Prosser Group

UK Institutional Sales

Merrill Lynch require additional top quality sales people to expand our sales unit based in London.

We are looking for generalists with a proven record in equity sales. Experience in dealing with institutions based in Scotland would be an asset.

The remuneration package will reflect the experience and quality of the successful applicants.

If you are interested in joining a fast growing team please contact Mr. Rustom Jehangir on 01-382 0893 for further discussions or write to him at: Merrill Lynch Europe Ltd, Sherborne House, 119 Cannon Street, London EC4N 5AX.

All applications will be treated in strictest confidence.

Merrill Lynch

Jonathan Wren
SYDNEY LONDON HONG KONG
INVESTMENT ADVISER
- A NEW OPPORTUNITY -

Our client is expanding and developing its personal customer investor base to take full advantage of the opportunities arising from its major stockbroking capacity and unrivalled contacts with the investing public.

On their behalf we seek an additional account executive to be initially involved in PEPs and then with all aspects of a wider public share ownership. Successful applicants will be aged 23+, educated to at least 'A' level, preferably with a minimum of three years experience in the private clients department of a stockbroker or as an investment adviser. They must be either qualified for the new Stock Exchange Examination or be able to pass the examination within six months.

An attractive feature is the location, in Watford, with easy motorway and rail access, with a new office building giving modern working conditions and easy commuting.

A competitive salary is proposed, together with subsidised mortgage, medical scheme and other banking benefits.

Applicants are asked to ring or send a cv to Karyn Rutherford, Merchant Banking Division, listing any organisations by whom they do not wish to be considered.

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266



AUSTIN REED
of Regent Street

COMPANY SECRETARY

North Yorkshire — Highly attractive package

Our well known company is engaged in the international business of manufacturing, merchandising and retailing men's and ladies' quality apparel and has a turnover approaching £70m. We seek to recruit a successor to our Company Secretary who retires later this year.

This is considered a key appointment within the company and the person appointed will be expected to make a significant contribution to the ongoing development of the Group.

Reporting to the Group Finance Director, and working closely with him, the Company Secretary has responsibility for the secretarial function of the Group and its several profit centres.

Candidates will probably be between 30 and 40 and must have a legal or accountancy degree or qualification, preferably with previous experience in a leading company in the up-market consumer products sector. In personal terms, applicants must be mature and confident, acceptable at all levels, team players but with the capacity for independent decision making.

The remuneration package is negotiable and unlikely to prove a problem for an ideal candidate.

Please write in confidence to

D M Anderson CA,
AUSTIN REED GROUP PLC,
PO Box 2, Thirsk,
North Yorkshire, YO7 1PT.

Spot Dealer — London

A principal bank seeks a young aggressive dealer with expertise in the Scandinavian currencies. A minimum of 4 years overall spot dealing is required with at least 2 years actively trading Scandis. This is a prime name bank with an excellent reputation, therefore both career and earning potential is high. This could be a senior appointment for a professional dealer with a suitably high level of experience and market knowledge. Salary is negotiable plus bonus and benefits.

Treasury Instruments — Middle East

To compliment the existing fx and treasury team our client seeks a person with a broad based knowledge of the off balance sheet market. Encompassing the areas of Swaps, FRA's, Financial Futures etc., the appointee will require the ability to look at these and peripheral areas not only from a dealing aspect, but also from a "financial engineering" viewpoint. The appointee is likely to be a graduate and will have gained their experience with a bank recognised as a leader in this area. Our client has shown significant local and international growth in the last few years and the prospects are therefore good.

Remuneration is negotiable but will reflect the importance of the appointment.

Spot Dealer — Europe

Our client is a prestigious international bank with an excellent reputation as a trading bank. They seek an experienced spot dealer with sound knowledge of the major Euro currencies to join the existing team. Fluency in English is required and the ability to speak German would be a distinct advantage. The appointment will be based in Frankfurt.

Salary negotiable £DM200,000.

APPLICATIONS IN CONFIDENCE TO:

Roger Parker
Organisation
Bunge House, St. Mary Axe,
London EC3A 8AT
01-929 1212

FX, TREASURY AND CAPITAL MARKETS RECRUITMENT SPECIALISTS

International leasing management

Hertfordshire, £18,500 + car

This British company has long been challenging the commonly accepted technological frontiers of one of the world's most creative industrial sectors. Over 80% of their high value capital electronic equipment is exported and they have representation in over 50 countries. Individual systems can range in value from £50k to over £1 million.

In such a dynamic and competitive environment a highly commercial approach to negotiations is vital. This position reports to the Customer Finance Manager with responsibility for vendor leasing negotiations, customer credit assessments and occasionally the provision of alternative financing arrangements. It often demands imaginative solutions to complex problems. There will be extensive overseas travel, mostly within Europe.

Formal qualifications will have been achieved in a commercial/business discipline. Your experience will be leasing related with highly developed skills as a negotiator at the highest levels of management. Some fluency in a second language could be an advantage. The role demands self-reliance and the ability to accept stand-alone accountability backed by a high level of commercial nous.

Resumes please, including a daytime telephone number, to David Owens, Ref. D217.

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Boost your Business Experience as a Commercial Analyst

With the most successful pharmaceutical company in Britain

Glaxo Pharmaceuticals is the leading subsidiary of Glaxo Holdings. Our Group is one of the six largest companies on the stock exchange, among the top ten in our field in the world, and has a turnover of more than £1 billion. Such is our reputation that we are considered one of the country's best run and most innovative businesses.

In Glaxo Pharmaceuticals we place particular emphasis on financial management, so, if you're on the first rungs of the business ladder, you couldn't find a better place to develop your career.

Because of our recent expansion, we're now seeking a number of high calibre Commercial Analysts to work in our Marketing, Capital Expenditure or Business Services sections.

Aged between 24 and 32, you could be a recently qualified accountant or a graduate who has followed a good company training scheme with a financial bias. Either way, you must be able to convince us that you are ready to take responsibility for pertinent financial appraisals and the formulation of financial plans. The ability to interpret and explain complex

financial data to our line managers and advise them in setting and achieving realistic objectives is also essential in these posts.

If you are confident that you can do this, you are also probably confident that we will offer you a very good salary. All we can say is: if you live up to our expectations, we will live up to yours.

VISIT OUR OPEN EVENING

Why not come along to our Open Evening at The Tower Thistle Hotel, St. Katherine's Way, London, E1, anytime between 4 p.m. and 9 p.m. on Tuesday, 13th January? You won't be disappointed.

Glaxo
Pharmaceuticals Ltd.

If you are unable to meet us on that date, please send your c.v. with a covering letter, to: Sue Stator, Personnel Manager, Glaxo Pharmaceuticals Ltd., 891-995 Greenford Road, Greenford, Middlesex UB6 0HE. Tel: 01-422 3434.

Senior Futures Options Broker required

A leading commodity and financial futures brokers seeks a senior financial futures/options broker with a minimum of 5 years' experience in CBOT and IMM, with a sound understanding of hedging and risk management techniques at corporate treasurer level. The ideal candidate would have management ability and the capability to run a trading desk. Salary circ. £30-£35K plus benefits.

Write Box A0368, Financial Times
10 Cannon Street, London EC4P 4BY

HOME FROM ABROAD?

You might have missed
our Open Day, but
you can still greet
the New Year with new status.

As you will be aware from your own experience, expatriates worldwide welcome informed advice on how best to invest and maximise their assets.

A great many of them turn to us for this expertise. In fact, we anticipate such demand in the New Year that on December 30 we invited people such as yourself to meet us in London to discover at first hand what it means to be an international financial consultant with Finexo in Europe, the Middle and Far East and Africa.

If you were unable to join us then but would like to know more about our plans for 1987 and your potential role in them - we invite you to forward your curriculum vitae to us at your earliest convenience. Especially if it already carries evidence of achievement in the international business community, a high level of self-confidence and motivation, authority and strong interpersonal skills.

These, together with our exceptional training programme, will rapidly equip you for new success - and new status - in this fast-expanding and highly lucrative market.

We look forward to hearing from you.
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WBH Advertising Limited,
63-66 St. Martin's Lane, London WC2N 4XH.
FINEXCO

Business Analyst

Major Project Responsibility

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c. £25,000 Package

At the forefront of recent development in the specialised and rapidly developing market of Unit Trust investments, our client provides an unrivalled service to both corporate and personal clients alike.

Committed to maintaining their leading position, and dedicated to further development, substantial investments are currently being injected into new technology in the form of two major projects running on IBM system 38 - one being a total replacement system, the other a completely new facility geared to the Personal Finance market.

Against this background, a Business Analyst, aged mid 30's, is required to take overall responsibility for the successful implementation and development of these two major projects. Managing a small team of highly skilled technicians, and liaising closely with outside suppliers, your task will be to ensure user requirements are identified, and consequently met. With a strong business overview and at least 3 years' experience in a similar role, applicants will be educated to degree level in a business related field, highly motivated, enthusiastic and have the drive to succeed.

In addition to an excellent salary, there are outstanding company benefits including profit-related bonus, mortgage subsidy, and relocation expenses where appropriate. Please write with full CV and daytime telephone number to Patrick Donnelly, quoting reference FT/007.



The Finance Index
Financial Recruitment Consultants
97 Vandon Court, Petty France London SW1H 9HG.
Tel: 01-222 5169

EXECUTIVE LENDING OFFICER

LONDON

LEADING U.S. REGIONAL BANK

To market commercial banking products to corporate customers in the Middle Market Range.

To report direct to the VP General Manager central City office. Requires alert, ambitious, numerate man or woman, preferably a graduate or similar MBA qualification. Age probably late 20s early 30s. All-round ability and capacity essential to present a convincing and professional approach. Personal characteristics to include an attractive and intelligent manner.

A career appointment of significant potential. The gross package value, including all normal benefits and car, is unlikely to provide an obstacle to the successful person who has been thinking positively about their next career stage.

Written replies with full cv to the Bank's Consultant:
K. M. Spence, Duxfield Ltd, 6 Southampton Place,
London WC1A 2DA

EXECUTIVE JOB SEARCH

Are you earning £20,000—£100,000 p.a. and seeking a new job?
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Contact us for a free and confidential meeting to assess if we can help you. If you are currently abroad ask for our Executive Export Service.

32 Savile Row,
London, W1
Connaught 01-724 3070
(24 hours)

INVESTMENT MANAGER

CHURCH INVESTMENT OFFICE

The successful applicant is likely to have had at least five years' experience of the U.K. fixed interest markets in a position of some responsibility. A good working knowledge of equity markets would be expected. A competitive salary will be paid depending on experience.

Please forward curriculum vitae, including church connections to:
Box A0363, Financial Times
10 Cannon St, London EC4P 4BY

International Equities Operations

We are currently seeking an experienced Manager, reporting to the Head of Department, to be responsible for the day to day running of International Equity Trade Settlement and Processing.

This major growth area requires a successful individual who should be an experienced professional with a thorough knowledge of the business and proven management skills.

Please write enclosing a Curriculum Vitae to Barbara Jenkins, Merrill Lynch Europe Limited, 27 Finsbury Square, London, EC2A 1AQ.

Merrill Lynch

Corporate Finance

Executives

£18-22,000 + benefits

On behalf of our City clients, the leading UK merchant banks and stockbrokers, we are looking for newly or recently qualified accountants, ambitious to succeed in corporate finance. Ideally, candidates will have a first class academic and professional examination record and will currently be working in one of the 'Top 10' accountancy firms.

Most importantly they must exhibit the drive, enthusiasm and interest necessary to succeed in this challenging and competitive environment.

Contact: Mark Hartshorne

Interested applicants should telephone 01-404 5751 or write to 39-41 Parker Street, London WC2B 5LH.



Michael Page City

International Recruitment Consultants - London Brussels New York Paris Sydney

A member of Addison Consultancy Group PLC

Trading Systems Specialist

to £16,000 plus full banking benefits - London

A company's success in the financial community depends on the availability of rapid, accurate trading information. No-one understands this better than Schroders, an independent London-based merchant and investment banking group whose round-the-clock operations employ some 2,500 people in 16 countries.

Schroders' total commitment to continuous trading in the global marketplace has created the need for a specialist to support the Bank's in-service systems, to train securities and money market dealers in their use and to assist in the specification and implementation of new trading systems. To apply for this new appointment you need to have a sound business awareness of these activities, coupled with a practical knowledge of the application of information technology in the dealing room.

The requirement is urgent and early interviews, if suitable, will be arranged in Schroders' City Office. Please telephone to discuss or send your career details in confidence to the address below quoting reference 701.



J.E.M. Associates

Personnel Consultants to the Banking & Financial Sectors

CORPORATE FINANCE EXECUTIVES

Our client is a leading Merchant Bank with a powerful client base and one of the most prestigious Corporate Finance departments in the City. They are currently recruiting high achievers to join the team.

The ideal candidate will be a graduate (at least 2:1) aged 25-28, with either an A.C.A. or legal qualification gained within a City firm or relevant corporate finance experience.

Promotion will be rapid and salary competitive for the individual with entrepreneurial flair who is confident, articulate and a positive thinker.

Please write in confidence to Sara Bonsey.

18, Bishop Street, Moorgate, London EC2M 7LX. Tel: 01-588 4234

CAPITAL FUTURES
RECRUITMENT CONSULTANT

EXCO CAPITAL MARKETS LIMITED
is seeking to recruit

Experienced Staff in Off Balance Sheet Markets

who are interested in joining an expanding forward-thinking team, broking Interest Rate and Currency Swaps, Caps and Floors, Futures and Options. Applications are particularly invited from anyone involved in:

STERLING INTEREST RATE SWAPS
WITH ESTABLISHED CONTACTS
IN THE FOLLOWING AREAS:

LOCAL AUTHORITIES, BUILDING SOCIETIES, CORPORATES

Write in strictest confidence to:
Graham Kidson, Managing Director
EXCO CAPITAL MARKETS LIMITED
Milestone House, 107 Cannon Street
London EC4N 5AY

Manager/Assistant Director

£35-60,000 + benefits

We are currently experiencing considerable demand from our UK and US investment banking clients, for high calibre accountants/lawyers with at least two years' corporate finance experience, probably gained within a UK merchant bank or broker.

For individuals seeking a new challenge in the Mergers and Acquisitions field, excellent promotional prospects, and a highly competitive remuneration package, the opportunities presented will be of considerable interest.

Contact: Lindsay Sugden ACA

Interested applicants should telephone 01-404 5751 or write to 39-41 Parker Street, London WC2B 5LH.

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towards credit, lending,
business development
and corporate finance.

Write Box A0360
Financial Times
10 Cannon Street
London EC4P 4BY

EQUITY DESK POSITION

Highly motivated person with
excellent organisational skills
and ability needed to join a
team of international equity
professionals with an
established but rapidly growing
business. Experience in sales/trading
operations, knowledge of
equities and the desire and
willingness to adopt a flexible role
in achieving personal goals will be
substantial assets.

Please send CV to:
L. Berry, 10th Floor
Prudential House, 10 Cannon Street
London EC4P 4BY

Japanese Equity Sales

Our Far East team is part of the Equities division of Alexander Laing & Cruickshank Holdings Ltd, one of the leading international securities houses.

Based in the City, the team has been successful in building a substantial institutional business in the Asia and Pacific markets. We now wish, jointly with our Tokyo office, to develop still further our Japanese Equities business.

Sales Personnel

Applications are invited from candidates with at least two years' experience of Japanese Equities (or convertibles) gained in sales, fund management or closely related areas with other financial institutions.

Senior Sales Personnel

We would also welcome applications from candidates with longer experience (minimum four to five years) in the same fields.

Successful candidates will join an already strong and highly motivated team in London, and will draw on research services from Tokyo. They will be expected to work with the minimum of supervision, and travel overseas as necessary. The salary and benefits package will be pitched at a level to attract candidates of the highest calibre.

Call Robert Golding, the Director responsible for the team, on 01-256 9711 or 01-588 2800, or write with full CV to: Mrs E. A. Knott, Manager Personnel Services, Alexander Laing & Cruickshank Holdings Limited, Mercantile House, 66 Cannon Street, London EC4N 5AE. Tel: 01-256 2333.

Alexanders Laing & Cruickshank
Institutional Equities Limited

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PROMOTING CITY PEOPLE

■ Product Marketing ■ Investment Analysis

■ Credit Analysis ■ Stockbroking

If you are thinking of making a career move in 1987, write or telephone for an informal discussion. Please contact Susan Milford, Financial Appointments Manager.

Telephone 01-256 5041 (out of hours 01-388 4486)



Management Personnel
Selection & Search

10 Finsbury Square, LONDON EC2A 1AD.

FOREIGN EXCHANGE BROKING

NEW ZEALAND

HARLOW BUTLER (NZ) LTD

Harlow Butler (NZ) Ltd is a leading foreign exchange, money and securities broker, operating in Wellington and linked to the global networks of the Harlow and Butler Groups, including Ueda Harlow in Tokyo.

The substantial growth of New Zealand's financial markets offers exciting career opportunities to motivated people and Harlow Butler now wishes to employ a limited number of foreign exchange brokers with between one and two years' experience in either the spot or forward exchange markets.

Harlow Butler (NZ) Ltd can offer highly competitive remuneration packages and very attractive career opportunities to able and enthusiastic foreign exchange brokers.

All applications will be treated in strictest confidence and should be made in writing in the first instance to:

Miss Jo Limber
Harlow Butler Savage Ltd
Ashdown House
London Bridge
London EC4R 9EQ

US INVESTMENT HOUSE

Career opportunity for young graduates to work in the Mergers and Acquisitions Department in London. Candidates, preferably aged 22 to 28, should be self-motivated, literate and numerate. Analysts are required to work for US companies in Europe and UK companies in the United States. Superior analytical skills and familiarity with US business and corporate practices are therefore essential. Salary and benefits will be commensurate with age and experience.

Please reply to Box A0365, Financial Times
10 Cannon Street, London EC4P 4BY

BANK OF WALES

A member of Bank of Scotland Group

As a result of significant expansion plans the bank is seeking to fill additional posts in South Wales.

MANAGERS

Candidates should be aged in their early thirties and should have had excellent commercial lending experience with a minimum of 5 years A.I.B.s preferred. Ideally, applicants should have a good track record in all aspects of banking. These posts are career development posts and call for applicants with a positive personality, able to communicate well and prepared to use their own initiative. Drive and energy will be rewarded. Mobility is essential.

Salary will depend on age and experience and will be accompanied by additional benefits, including a company car and relocation assistance.

MANAGER'S ASSISTANTS

The Bank is seeking to recruit a number of staff, ages 24-28, who have personal and commercial lending experience - ideally in a Banking environment. These posts will only be offered to people who are intent on developing a career by hard work and using their enterprise to take advantage of the opportunities arising in a banking environment where expansion is taking place.

A competitive remuneration package will be available for the right applicants.

BANK OF WALES
BANC CYMRU

Please write, giving full details of career and interests to:
The General Manager, Head Office, Bank of Wales PLC,
114-116 St. Mary Street, Cardiff, CF1 1XJ.

Capital Markets Products

London/USA

Philadelphia National Limited is seeking a Senior Executive to market capital markets products to US-based corporations and banks. Products and services include swaps, private placements, loan syndications, ECP and Eurobond issues.

We are looking for an individual with at least three years' directly comparable experience in London marketing international capital markets products (not necessarily to the US), who has the maturity to work effectively within the customer base of our parent bank.

Respond in confidence to:

Sandy Geddes, Managing Director
Philadelphia National Limited
3 Gracechurch Street
London EC3V 0AD
or by telephone to 01-623 8100

Philadelphia National Limited
A WHOLLY OWNED SUBSIDIARY OF THE PHILADELPHIA NATIONAL BANK, U.S.A.

FOREIGN EXCHANGE CONSULTANT

THE JOB

The work entails providing a professional consulting service to major international companies and financial institutions in Europe. Consultancy is given at the highest corporate levels in an international environment with frequent travel.

THE QUALIFICATIONS

He/she will have a degree in economics and/or finance or equivalent experience. Our candidate will be in his/her late twenties to late thirties and must have gained professional experience in the international currency markets.

EXPERIENCE

The candidate should have worked with a European company/bank for at least two years in an international treasury/finance position and he/she must be a self-starting individual.

Please address curriculum vitae to:

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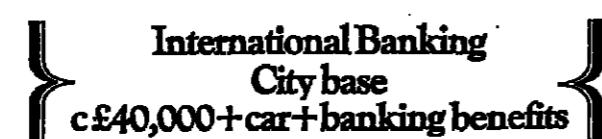
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THE ARTS

Television/Christopher Dunkley

And a brighter New Year

Thank goodness that boring farago is over for another year. Now perhaps we can get back to some proper schedules with at least a smattering of decent programmes. The slavish manner in which all our television channels turn themselves over to old movies, old folk singers, and — increasingly nowadays — compilations from old television programmes, for a full fortnight following the winter solstice, is deeply depressing.

Of course it enables VCR enthusiasts to lay down old movies like claret against the day when market forces rule television and we have to pay to view *Brief Encounter* and *My Darling Clementine*. And of course there is no denying that this elongated winter holiday results in the heaviest viewing of the year: if precedent is anything to go by, their average viewing per head of the population over the past fortnight have been more than five hours a day. However, that does not prove that the broadcasters are doing the right thing. It merely proves that millions of people now take a long winter break and have nothing better to do than gaze again at *Morecombe and Wise Classics* or *George and Mildred*.

Some may actively like an unvarying diet of "festive fare," and given our competitive system, perhaps the familiar scheduling is inevitable on BBC1 and ITV. The great disappointment is that neither BBC2 nor Channel 4 takes the opportunity of this peculiar national hiatus to break out of the scheduler's strait-jacket and offer something unusual. Assuming we must have repeats, then why not the whole of *Heimat* on BBC2 spread across two or three days? And if C4 wants to be seen as the archive channel why not a methodical use of it to bring us the television version of a National Film Theatre "Classics" season?

There was one vague attempt at this, lasting 2½ hours and described as "an evening of

programmes in which now familiar stars were given early breaks." But in the event this looked suspiciously like an afterthought since nobody got an "early break" in *Another Sunday And Sweet FA*.

This odd conglomeration might just as well have been called "The Jack Rosenthal Benefit Night." Were there no plums amid the duff? Frightfully few. The actress came fairily well out of *Dame Peggy: A Portrait Of Peggy Ashcroft* on ITV, proving herself to be deeply thoughtful and very quick, and Michael Billington showed again what an excellent interviewer he is. Yet producer/director Derek Bailey, whom we have come to respect for his arts programmes (he made *McMafia's Mayfaring*, for instance) seemed oddly ill at ease with his abandoned interview format.

The *Pyrates* on BBC2 was an idea which sounded splendid ("A swashbuckling pastiche of the buccaneering films of the thirties and forties") using the electronic techniques which were exploited so successfully when the *James Bond* cartoon was brought to television. Yet it turned out long, indulgent and rather tedious, a combination of faults which has threatened worryingly to become a television trademark in the past 10 days or so.

Long and rather tedious also describes *New World*. BBC1's ambitious drama on film about the Mayflower pilgrims who, it seems, included both collectivist Christians and gun-law enthusiasts whose competing philosophies of life often neatly teased out and on each other's heads juxtaposed in this two-hour production. A little more drama, a little less moralising, and a ruthless editor might have done wonders.

Another over-long drama was *Kazuo Ishiguro's The Gossamer* on Channel 4. Though beautifully made, and with a peculiarly haunting atmosphere which reminded one (perhaps given the given the gossamer subject matter and the church setting in London's docklands) that

there was one vague attempt at this, lasting 2½ hours and described as "an evening of

subtlety and depth, it failed to reflect the *Nutcracker*-infused energy of the SWRB performance in *Karen Donavan's* ebullient *Swanlids*, and in the unashamed pleasures of the plot; even after 100 performances, and more, the humours of the second act still came fresh-familiarly breeding content, perhaps.

I was bothered by the brisk musical tempo adopted by Barry Wordsworth in the first act, Where a galvanic approach built this adorable centaurian along somewhat unceremoniously. *Swanlids*'s opening solo is the prettiest of portraits of a young girl of charm and spirit, and Karen Donovan is delightful in it, but the music's pace made her a hoyden, and the mazurkas and czardas established something like a trap-record for the Galician circle with neither of pose and yielding to types of the dancer lost in the general dash and dash of the movement.

Miss Donovan, quick in step, joyous in feeling, sailed through the ballet with liveliest assurance. She is a *Swanlids* in the best Royal Ballet traditions of

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Wednesday January 7 1987

Reagan picks his ground

PRESIDENT Reagan's budget proposals are open to what have now become the routine economic objections. The growth projections look optimistic, and the deficit projection too modest, as in every year but one since he took office. Politically, however, the package looks straightforward. It is designed to offer the Democratic minorities in both houses a range of up-gradable choices, and incidentally to increase the existing pressure on the EEC and Japan to reduce their agricultural protection. It may well succeed in embarrassing all those whom an embattled President wishes to embarrass, but it carries a high risk: it could push both the Congress and America's trading partners another step towards a trade war.

The over-optimism is not so glaring as in some earlier years, and it probably does not matter so much. The \$108bn deficit shown for fiscal 1988 is not so much a serious economic forecast as a constitutional necessity under the Gramm-Rudman amendment. What is clear is that any reasonably plausible attempt to budget for such a reduction will involve a sharp tightening of fiscal policy, and the President's proposed spending cuts certainly merit this description. The modest programme of privatisation which is included will offer no more than a marginal relief.

Biggest test

The biggest immediate test of the plan is its reception not on Capitol Hill, but in the financial markets. If foreign investors are impressed by US determination to start the long draw back to balance, it will have achieved its most precious objective: to stave off the possibility of a soft landing. If not, the long-projected dollar crisis could become a reality, and in a crisis neither the sustained growth nor the falling trend of interest rates on which the projections hinge could be achieved.

Fortunately Congress is well aware of the dangers of a crisis of confidence, and there is every reason to believe that whatever budget is finally agreed, some months from now, between the

War fatigue in Afghanistan

THE VISIT to Kabul of the Soviet foreign minister, Mr Eduard Shevardnadze, and the Communist Party secretary for international affairs, Mr Anatoly Dobrynin, has heightened international interest in the peace initiative launched last week by the Afghan Communist Party leader, Mr Najibullah, when he announced a six-month ceasefire to start on January 15.

Mr Shevardnadze and Mr Dobrynin are, somewhat surprisingly, the most senior Soviet officials to have visited Afghanistan in the seven years Soviet troops have been occupying the country — indeed, since the original Communist seizure of power in April 1978. Their visit is both gesture and the move so when one remembers that the last Soviet VIP to visit Kabul, in September, was narrowly missed by a large car bomb.

The precise purpose of the visit has yet to be explained, but an important part of it may already have been achieved simply by making the world sit up and take notice. Mr Najibullah by himself has very little international credibility. His ceasefire announcement had not attracted great interest, except that he secretly mentioned the presence in Afghanistan of some 15,000 Soviet troops, which the rest of the world regards as the heart of the Afghan problem.

There are, however, plenty of indications that Mr Gorbachev is taking a close personal interest in the issue. Even some western diplomats are now convinced that he would genuinely like to get his troops out, if only he could do so on acceptable terms.

Soviet diplomacy

That, of course, begs the question. Up to now it has been axiomatic that terms acceptable to the Russians would inevitably be unacceptable to everyone else involved. Whether or not the original Communist coup was willed by Moscow, and however satisfactory the status quo ante (with Afghanistan non-aligned, but duly respectful of its super-power neighbour) might have been at the time, it could not now be restored. Moscow could not tolerate the loss of prestige involved in a reversal of the "Soviet revolution" which had set Afghanistan on the road to socialism, especially as the overthrow of the Communist regime would inevitably be followed, if not by total anarchy, by a government much more bitterly hostile to Soviet influence.

legislature and the Administration will be genuinely aimed at deficit reduction. If the Democrats are determined to protect social and educational gains, or at least from the worst of them, they will fill the gap with revenue-raising proposals. This is of course what the President has planned: armed strength and low taxes make excellent election issues as the Democrats are uneasily aware.

It is easy to feel sorry for the Democrats. A president follows policies which produce a financial crisis, loses control of the legislature, and ends up in a bind of his own creation.

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It is

"A THIRD WORLD city without a European quarter," is perhaps the cruellest aphorism applied to Naples—once the fourth city of Europe, a centre for art and architecture and vital capital of a ramshackle Bourbon Kingdom.

But stepping down from the early-morning Rome—Naples express, you begin to wonder if the judgement is not a little harsh on the Third World. The platform at Garibaldi Station bisects a subterranean cellar of deathly gloom, populated by ragged, shuffling, toothless old men who should be en route to the set of a Fellini nightmare film but instead are frozen, open-handed, in the pose of one of Naples' oldest professions: the beggar.

The image remains long after you have been escalated up to the station's modern concourse and emerged blinking into Piazza Garibaldi. Gazing up at the statue of the nation's most romantic hero, you wonder if a sculpted beggar ought not to be occupying the plinth. He would after all be a far more appropriate symbol of the city's failure to realise Garibaldi's hopes of prosperity and greatness.

For Naples seems caught in a beggar's posture, with large sections of its 1.8m people imprisoned in a welfare mentality, conditioned by decades of exceedingly liberal payments from the state. Just how much can the city have absorbed from the £60m (or 1.562 billion) which Italian governments have poured into the Mezzogiorno over the last 40 years is anyone's guess. It has certainly taken the lion's share of the £200m the EEC's regional policy has poured into the province of Campania over the last 10 years.

Professor Mariano d'Antonio, academic, journalist and authority on this inactive city, relates that in the last 10 years alone, Naples has racked in 250m a year in special subventions destined for urban renewal, industrial modernisation and reconstruction after the damage to its crumbling fabric caused by the 1980 earthquake.

And is all the taxpayers' money employed for its designated purposes? "No, I would guess that around 20 per cent is diverted," says the professor. Diverted into schemes such as fraudulent co-operatives for employing ex-prisoners, which absorbed £10m before the architect, one a Christian Democrat councillor, the other a Communist, finished up behind bars.

So why does not the available 80 per cent of public funds have more impact on the squalid and polluted environment, on the paralysed city-centre traffic, on the overcrowding in urban tenements and on the ubiquitous crime? "Because government does not

Naples tries to drop the begging posture

By John Wyles

work here," shrugs the professor.

The embodiment of government in Naples is Mr Sergio Vittorio, prefect of the northern town of Vercelli, who has been drafted in as a special commissioner until early communal elections in May. This quiet, unassuming man is the sixth special commissioner appointed to run Naples since the war.

Each one represents a failure of the local political system. The city council was dissolved last autumn because party divisions ruptured every and any possibility of agreeing the city budget. Naples' finances have been as creatively administered that there is an accountant on earth who could make sense of them.

Mr Vittorio estimates the city's debts at about 2000m, but he adds: "It is difficult to be precise because many of these debts have been contracted without official documents—good faith, of course." Since the government is the source of most local authority funds, Mr Vittorio is urging Rome to take responsibility for the debts and he is confident that it will.

On past experience, the com-

munal elections will not solve anything. Since 1978, election after election has failed to yield a coalition for Naples able to command a stable majority.

Mr Carlo d'Amato, a Socialist who was mayor for two years until last autumn, blames it all on rivalry between the Christian Democrats and the Communists, and the regular appearance of an unusually strong neo-Fascist (MSI) representative on the city council.

"About 25 per cent of votes

oscillate between the Communists and the MSI," says Mr d'Amato, whose readiness to place responsibility for the city's problems elsewhere in the council on the voters, would seem to be the characteristic shared by all Neapolitan politicians.

However, he also does the signal service of stressing some positive developments: £3.5bn being spent on houses, roads, motorways and schools on the periphery of the city. But as strong as the rhetorical flood, that it proves impossible to坚信 him to agree that some of these improvements have not left the drawing board—and those that have are the achievements of agencies set up after

the earthquake.

More typical of the city government's performance is the £20m loan for the construction of underground car parks, upon which the Naples commune has long been paying interest, but for which it has omitted to appoint a developer.

Then there has been the pur-

chase of a fleet of 60 buses, many of which are unusable because they are too large for Neapolitan streets.

More optimistically, Professor

d'Amato detects the emergence of Naples in an alliance of intellectuals and concerned middle class people, which is becoming more politically involved and, he believes, capable of raising political standards.

Some encouragement is

being drawn from an initiative launched by the local branch of Comindustria, the employers' association. Discussion at a widely publicised seminar in mid-December reflected a new Italian consensus which seeks to harness the Mezzogiorno's indigenous potential for growth, rather than relying upon yet more state-financed industrial development and infrastructure.

Says that businesses are

searching for a partnership with the state in aid of local development are seen as

possibly encouraging—evidence

that they may be moving away

from a passive dependence on

government investment which

many believe has robbed the

city of entrepreneurial

dynamic.

But the employers' recipe for

revival—the reconstruction and

development of Naples' "historic centre"—would still require

£100m and a credible and

un corrupt administration to

make the process.

It would also need sustained

commitment—which is not, it

seems, a Neapolitan quality.

Mr Giacomo Cola, a vice-president of the city's Unione Industriale, offered this candid insight:

"Many times, people come to

my house and we sit out how

to solve the city's problems. We

have a marvellous evening,

everybody agrees on the need

to act and then they go away

and do nothing."

Along with unemployment,

the earth quake.

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FINANCIAL TIMES

Wednesday January 7 1987

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AMERICAN APPRAISAL (UK) LIMITED
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NEW RENAULT CHIEF SEEKS TO CREATE EUROPE'S MOST PROSPEROUS ENTERPRISE

Levy sets his sights high

BY PAUL BETTS IN PARIS



Mr. Raymond Levy

MR Raymond Levy, the new chairman of Renault, has wasted little time in making his mark on the French state-owned car group. Barely three weeks in his new job, Mr Levy has already made it clear he intends to pursue the recovery policies of his predecessor, the late Mr Georges Besse, who was killed by left-wing terrorists last November.

In a letter to all Renault employees, Mr Levy says his ambitious aim is to make Renault "into the most prosperous enterprise in Europe." He adds that the recovery started by Mr Besse must be pursued and that the first target is to put an end to Renault's losses.

However, the new Renault chairman goes on to say that the group "will only succeed when we can earn money, whatever the general market conditions."

Renault is expected to lose between FF 2.5bn and FF 5bn (US\$300m to \$780m) in 1986. This is a sharp improvement on losses of FF 10.9bn in 1985 and a record FF 12.5bn the year before. Moreover, company sales have been recovering strongly on the domestic market with Renault's share of the French market expected to total about 31.6 per cent last year compared with 28.7 per cent the year before.

Stocks continue to set records

By Our Markets Staff in London

WORLD STOCK markets continued on their record-breaking run yesterday, with Wall Street's overnight surge on Monday providing a positive backdrop but most of the boost coming from strong local factors.

Banks and securities shares led an advance in Tokyo which took the Nikkei average through the 19,000 target level for the first time to a day's high of 19,041.0. The indicator slipped back later in the day to end at a record 18,936.76, up 116.21.

Export-oriented issues such as Matsushita, Hitachi and NEC rebounded, possibly due to the recent decline in the value of the yen.

The closure of the Japanese markets during the recent protracted holiday season has also produced some pent-up demand. Yesterday's volume reached 472m shares compared with Monday's half-day session level of 207m shares.

The strong showing by markets in the Far East, where Hong Kong and Taiwan also reached records yesterday, is primarily due to the high level of liquidity in their economies. However, there are some suggestions that the Far Eastern markets may top out this year, with funds moving back into Europe.

Hong Kong, which usually feels the effects of strong movements in New York, saw the Hang Seng index up 31.47 yesterday at a record 2,583.57 on local expectations of strong economic growth in 1987 and the steady rise in the value of property.

In Taiwan, where share prices had risen to a record just before the New Year, the market's weighted index reached another peak of 1,063.13, up 24.02.

Australia had its sixth consecutive record as a New Year shortage of scrip combined with a frenzy of takeover activity and speculation among media and industrial stocks to end the All Ordinaries index up 20 to 1,523.1.

Also behind the rise was the strong price of gold, which took the gold index up 14.1 to 1,847.0.

John Lewis also benefited from the bullion price, with its all-gold index rising to a provisional 2,966, an advance of 5 points on the previous high last September.

In Europe, trading was subdued due to the Epiphany religious holiday but Zurich still managed to hit a new peak with a 4-point rise

No plans for more inspectors to investigate UK insider trading

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE BRITISH Government has "no present plans to appoint more inspectors" to investigate insider dealing in financial affairs.

This was stated yesterday by Mr Michael Howard, the Under-Secretary for Corporate and Consumer Affairs, when he repeatedly stressed the Government's aim of "acting in a determined manner in relation to abuses in the City."

His comments were made in the light of the opposition Labour Party's declared aim to focus on recent City of London scandals in its attack on the Government.

Mr Howard sought to offer reassurance that the Government had already taken sufficient powers to deal with abuses and was using them "vigorously and effectively."

He believed recent events and actions would have a deterrent effect on anyone tempted by insider dealing, which had anyway been practised by a "small minority of people in the City."

Mr Howard also pointed out that, in the light of the ruling following

the balance sheet restructuring, one of the early priorities of the new chairman.

Another pressing issue involving the recapitalisation of Renault Vehicles Industries (RVI), the loss-making truck subsidiary which urgently needs FF 3bn to restructure its balance sheet, has been postponed for six months. A decision on the recapitalisation of RVI should have been taken by the end of last year. However, because of the circumstances in which Renault was plunged after the murder of Mr Besse, agreement was reached to delay the RVI recapitalisation for a few months.

After the controversy between Brussels and Paris over his appointment, Mr Levy, who was until recently head of the Belgian steel group Cockerill-Sambre, has sought to maintain morale and continuity inside the complex car group at the same time as pressing ahead "at cracking speed," according to Renault insiders, with his own apprenticeship as a motor mogul.

Peking's new line on students may herald clampdown

By Robert Thomson in Peking

THE first signs of what could be the end to as original dismissive response. What comes as rather a surprise is the sheer aggression of yesterday's statement from Mr Clausen, which goes beyond the expected attack on First Interstate's paper to an accusation that Mr Pinola's offer would have the almost treasonable effect of draining the equity base of the US banking system.

Like Mr Besse, he is likely to concentrate on Renault's core car manufacturing businesses. As a former oil man, he seems to take a dim view of diversifications and likes to refer to the "core" of groups such as Euron and Schlumberger. In any case money and time are needed to embark on diversifications, neither of which Renault has in abundance.

Also like Mr Besse, Mr Levy does not seem in a great hurry to enter into major alliances with other car groups, at least not before Renault is again solidly on its feet.

The statement, which quotes the paramount Chinese leader, Deng Xiaoping, is written in the language favoured by more conservative party powerbrokers who have been complaining loudly in lesser newspapers during the past week.

It condemns party members who have "turned a blind eye" to the development of "bourgeois liberalisation." When Chinese officials say bourgeois liberalisation, they generally mean the influence of Western liberalism, be it political, academic or artistic thinking.

"Since bourgeois liberalisation is poisoning our youth and is harmful to our stability and unity and disrupting our open policy, reform and modernisation drive, should we ignore it?" the paper asked. In answering the question the paper said it was time for errant party members, some of whom "gave direct or indirect support" to the liberal push, to "wake up."

Diplomats have a range of explanations for the tougher tone. The most common is that the reformist leadership is tacking away from arguments over student protests and political reform that it cannot win because the students have obviously gone too far.

Whatever the explanation, the editorial does not bode well for the "100 flowers" campaign to encourage artists and academics to speak their mind. In recent months, Chinese academics have been discussing such sensitive issues as humanism, which had previously been regarded as "decadent," and writers and film makers have tackled a range of previously forbidden political subjects.

Diplomats say that academics and party members have been able to venture into uncharted territory because the Communist Party had not drawn precise boundaries for debate. Yesterday's editorial suggests that a clearer party line will be drawn in the wake of the student protests.

The editorial cited speeches in 1979 and in 1982 by Deng Xiaoping, who warned against "people wanting to give up the socialist road." Diplomats said the Deng references were to show that the statement has his imprimatur.

The Peking Daily, copies of which were set alight on Monday by students at Peking University, said the incident was an honour for the party and proved that its tough opposition to the democracy drive had been right. In a new twist, the paper alleged that foreign correspondents had helped encourage the students to burn newspapers.

Campuses were generally quiet yesterday, with a few posters appearing at People's University and little activity at Peking University. Students are now either sitting or preparing for examinations and begin holidays after the exams. So the universities are expected to remain quiet in coming weeks.

China will buy \$22m worth of US-made military radar and radio equipment as another sign of growing military co-operation between the two nations.

The move follows the US sale of \$550m of advanced fighter jet electronics to China late last year and the symbolic visit of US Navy warships to Qingdao in November.

The Defence Department said Peking will buy four AN/TPQ-37 radar sets, eight AN/VCR-46 radio sets and support equipment from Hughes Aircraft Company, a division of General Motors.

The radar sets are designed to locate enemy artillery batteries and help direct return fire. The radio sets can be used in tanks, jeeps and other military vehicles.

Chirac holds firm

Continued from Page 1

higher priced goods tends to suggest a superior per capita income.

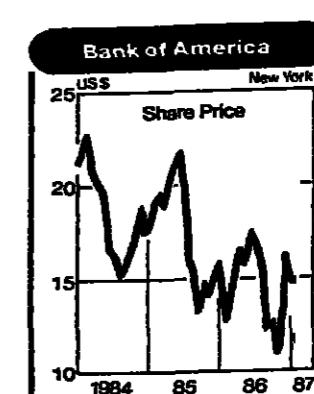
Not unreasonably, it has fallen to the opposition, which in Italy means the Communist Party, to minimise the achievement. In a long article published on Sunday and headlined "The bookkeeping illusion," the party's newspaper, *L'Unità*, pointed out that Italian gross domestic product may have passed the UK's only because of sterling's devaluation over the last nine months.

At current exchange rates, Italian GDP may be a few thousand billion lire larger, but this could be reversed by a lire devaluation in the next few months.

Some analysts were surprised at the claim that BankAmerica could

THE LEX COLUMN

Clausen plays for time



ring but what it does demonstrate is F&H's inability to fund its own development without recourse to partners. Not all joint ventures are as happy as Cyfco has been, and F&H shareholders have already had to forego some of the benefits to gain the backing.

Unless Courtaulds is struck by a sudden meanness about making a higher offer, F&H shareholders may well conclude that their company is better off in Courtaulds than in joint ventures. If Courtaulds could overcome its reluctance to issue paper, which would not need to be in excessive amounts anyway given the size of the bid, F&H shareholders might be more ready to swap their old company for a chance of a further re-rating in their new one.

Hill Samuel

The sudden interest by foreign investors in the shares of UK financial groups - with Hill Samuel now joining the list - could prove instructive.

Perhaps these buyers, who spread from North America to the Antipodes, can view what is happening in London with a calm not possible for local participants. In seeing the whole wood they can take a strategic position, and argue that, although times are currently hard, in the end the winners will have been worth backing.

Multiples are low - Hill Samuel's for the year to March 1987 is well under 10 despite the recent rise in the price - and one day the present valuations may be seen as great buying opportunities. After all, the buyers will say, much of Hill Samuel's business is outside Big Bang, and its break up value, for what it's worth, must be well above the share price.

The flaw in the theory is that at such a distance neither NZI - or whoever else is buying Hill Samuel shares - nor the investors in Mercantile House and Mercury International, can see which of the trees are diseased. Even close up it is hard to pinpoint which saplings in the gilt-edged and equity markets are going to survive and how much money will be lost as they grow. The first three months of Big Bang may not have been too bad, but there is a long way to go yet.

Burton options

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Burton's proposed new option scheme looks as if it could catapult the fortunate executives of Burton into being seriously rich (rather than just exceptionally highly paid).

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And the justification is, naturally, that the option holders could not hit the jack-pot unless the mass of

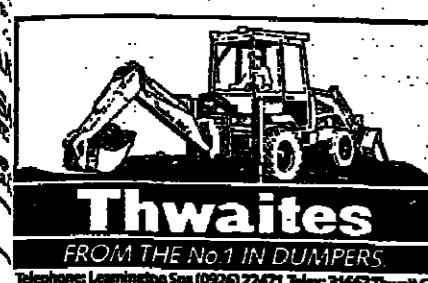
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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Wednesday January 7 1987



79

First Nationwide to place banks in K mart stores

BY ANATOLE KALETSKY IN NEW YORK

FIRST NATIONWIDE BANKS the rapidly growing savings and loan subsidiary of Ford Motor Company, is setting up 150 new branches which will be based in K mart discount stores around the US, in an innovative joint venture which could eventually make Ford one of America's largest retail banking companies.

The deal with K mart will expand the bank network of First Nationwide, which is already the seventh largest US thrift institution, with a further 50 per cent this year.

At the announcement of the plan in Michigan on Monday, Mr Edward Fender, the chairman of K mart, said that he hoped at least another 1,000 bank branches would be placed in K mart stores over the next five years.

K mart, the second-largest US retailer after Sears Roebuck and 2,200 discount stores, primarily in suburban locations, said on Monday

that he saw the tie-up with K mart as an important opportunity to solve the problem of extending banking services to lower and middle income groups economically.

Many large banks have been abandoning these social groups because of the cost associated with maintaining branches and administering relatively small accounts.

At the end of 1985 First Nationwide had \$11.6bn of assets and 10 branches in California, Florida, New York and Hawaii. Since then Ford has acquired two further savings and loan institutions, expanding First Nationwide's franchise into 10 new states.

While other retailers including Sears Roebuck had made major efforts recently to offer financial services with only moderate success, First Nationwide's chairman, Mr Anthony Frank, said on Monday

that he saw the tie-up with K mart as an important opportunity to solve the problem of extending banking services to lower and middle income groups economically.

Fiat backs Alfa with L1,500bn capital

By John Wyles in Rome

THE FIAT Group has undertaken its determination to make a success of its takeover of Alfa Romeo by allocating a paid-up capital of L1,500bn (\$1.1bn) to its new Alfa Lancia subsidiary.

This base is L100bn larger than the underpinning of Fiat Auto, the group's main car company, and puts the subsidiary in the top five Italian industrial companies measured by market value.

It is the end of the market we have known for 50 years. The process of fixing is now over," said the chief dealer at one leading commercial bank.

Alfa Lancia, based at Arese near Milan, will be the parent company of a subsidiary, Alfa Lancia Industrial, with a capital of L350bn. This company is charged with the planning, production and marketing of Alfa and Lancia products.

One reason for allocating such a large amount of capital to the new company, which is a fusion of Fiat's Lancia with the formerly state-owned Alfa, may well be the anticipated losses over the next four years.

In its original planning, Fiat appeared to be expecting cumulative deficits of well over L1,000bn before Alfa Lancia starts to make money in 1990-91.

Over the same four-year period, Fiat is committed to investing L3,750m in new plant and equipment at Alfa's Arese and Pomigliano d'Arco plants and a further L1bn in developments at Lancia.

Gulf & Western increases dividend

By Our Financial Staff

GULF & WESTERN, the US entertainment and communications group, has increased its quarterly dividend from 22 cents to 30 cents a share.

This follows a revival in fortunes since selling off its consumer and industrial products segment in late 1985 and its subsequent restructuring.

George Graham in Paris looks at the latest change in the government debt market

French traders come up to date

THE FRENCH Treasury has named 13 specialists on valuers de Trésor, or SVTs, to make a market in government debt instruments.

For many of the dealers named, however, the English phrase "primary dealer" is one that comes more readily to the lips - hardly surprising in a market that now shows more resemblance to the trading in New York or London than to the classical Paris government debt market, where prices were fixed once a day.

"It is the end of the market we have known for 50 years. The process of fixing is now over," said the chief dealer at one leading commercial bank.

The changes began two years ago under the Socialist Government of Mr Laurent Fabius and have now almost completed a revolution in the methods of funding French government debt.

The 13 banks and consortia nominated by the Treasury as primary dealers will have four main obligations.

"Our trade has always been arbitrage, and the opportunities for arbitrage are not limited," said Mr Jacques Leterre, head of Finance Comparties.

"But there are several of the primary dealers who do not have our experience of quoting prices on screen."

The primary dealers were selected on the basis of their activity in the government debt markets over the past three or four months as well as on their technical skills.

Banks which had taken an intellectual lead in the development of Paris' financial markets, such as the creation of the new financial futures exchange or Matif, were favoured.

In addition, the Treasury wanted to achieve a range of skills in the market and picked four smaller operators that it thought had the capacity to develop. They have been asked to increase their capital resources over the next two years.

Two of these, Banque d'Escompte and Caisse de Gestion Mobilière, belonged to the group of traditional discount houses with an expertise in the bill market but little exposure to government bonds. The other two, Finance Comparties and Groupeement Finance Plus, are joint ventures between stockbrokers and other financial institutions with an interest in the bond market but little experience of shorter-term government debt instruments.

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INTL. COMPANIES AND FINANCE

These securities having been sold, this announcement appears as a matter of record only.

New Issue**International Thomson Organisation Limited****C \$100,000,000****\$1.825 Cumulative Redeemable Retractable Preference Shares, Series III****Price: C \$25.00 per share**

These securities were purchased by the undersigned and have been privately placed.

McLeod Young Weir Limited**Wood Gundy Inc.****Burns Fry Limited**

December 23, 1986

NEW ISSUE

All these securities having been sold, this announcement appears as a matter of record only.

December 1986

State Bank of Victoria

(A Corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

**Japanese Yen 20,000,000,000
Guaranteed Stepped-Up Coupon Notes due 1991**

Repayment of principal and payment of interest and other charges guaranteed pursuant to the State Bank Act 1958 by

The State of VictoriaThe Nikko Securities Co., (Europe) Ltd. Mitsubishi Trust International Limited
Mitsubishi Trust International Limited

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offering is made only by the Prospectus Supplement and the related Prospectus, copies of which may be obtained from the undersigned in any State in which these securities may be lawfully offered. The Attorney General of the State of New York has not passed upon or endorsed the merits of this offering. Any representation to the contrary is unlawful.

December 4, 1986

\$200,000,000**Marriott**
corporation**8 1/2% Series C Senior Notes Due December 1, 1996**Price 99.625%
(Plus accrued interest, if any, from December 1, 1986)**Smith Barney, Harris Upham & Co.**
Incorporated**Clarion sets up unit in Malaysia**

By Our Financial Staff

CLARION, the Japanese maker of car radios and stereo sets, has established a subsidiary in Malaysia to produce parts for car audio equipment. The new company, Crystal Precision Malaysia, has a capital of 2m ringgit (\$1.15m).

Company officials said Crystal Precision would start production of tuners and other main components this spring and would supply them to Clarion Malaysia, a Clarion unit that makes car audio sets for export.

As a result, Clarion Malaysia will double its production of car audio sets to about 200,000 a year. It plans to bring the production up to 400,000 sets a year, officials said.

While Clarion Malaysia has been exporting its products only to Europe to date, it will now start shipping them to Australia and New Zealand.

Clarion Malaysia will continue to receive some parts from its parent company in Tokyo, but since Crystal Precision will acquire certain parts locally for component production, Clarion Malaysia's use of locally purchased parts will jump to about 60 per cent from 10 per cent at present. Malaysia requires foreign-owned companies to buy about 60 per cent of parts and components locally.

The new Malaysian parts plant has been set up in order to cope with the yen's sharp appreciation, Clarion said.

A group of 23 Japanese companies participating in a joint aluminium project in Brazil with Companhia Vale Do Rio Doce, the Brazilian state-owned company, has decided against making any further investment or loans for the venture, the Export and Import Bank of Japan said yesterday.

A bank official said the decision was attributable to falling prices of aluminium in the world market that were making the project increasingly vulnerable to losses. He declined to identify the 23 participants, however, except to say they were commercial banks, trade houses and manufacturers.

Demand for loan funds is likely to be affected by slowing economic conditions.

AT&T-Philips contracts

By LAURA RAUN IN AMSTERDAM

AT&T-Philips, the telecommunications joint venture, has received two separate orders from Indonesia and Peru totalling £1.45bn to modernise their telephone networks.

The £1.40bn order from the Indonesian Government involves the improvement and expansion of the Jakarta telephone system by designing and laying a large cable network, including a fibre optic link with Surabaya. Existing analogue-switching systems also will be expanded under the 24-year turnkey project.

AT&T-Philips, a joint venture of the American and Dutch compa-

Dai-Ichi Kangyo, Citicorp link 'limited to teller machine use'

By ANATOLE KALETSKY IN NEW YORK

CITICORP, the largest US banking group, has confirmed that it has been working with Dai-Ichi Kangyo, one of Japan's biggest banks, for a number of months on a project to enable their customers to use automatic teller networks in one another's countries.

Confirmation of the talks follows rumours of a major tie-up between the two banks which circulated in New York following predictions of such an agreement in a Tokyo newspaper last week.

The unconfirmed report stated that Dai-Ichi would support Citicorp's credit cards in Japan, that the banks would give customers access to each other's automated teller machines (ATM) and that they would jointly act as agents in consumer lending and mortgage business, possibly expediting loan applications from one another's ex-

patriate customers.

However, on Monday, Citicorp said the talks had covered only the ATM project and were not related to Citicorp's planned introduction of its Citibank MasterCard in Japan this year.

Mr Yuko Gana, managing director of Dai-Ichi's New York branch,

said the two groups had discussed linking some operations but that no definitive agreement had been reached.

Citicorp made a proposal to us

last fall for the limited exchange of services, but talks have not reached

a conclusion as yet," he said. "We

have just discussed a cashing service and nothing more than that."

One analyst said a link with Dai-

Ichi Kangyo might help increase

Citicorp's credibility in the Japanese market although it was unlikely that the two banks would begin

any joint ventures which threatened each other's main banking business.

Mr Jim McDermott of Kneafsey

and Woods, a leading brokerage firm specialising in bank stocks, said he expected an announcement between the two banks, probably involving some co-operation in servicing each other's clients.

However, he was sceptical of the importance of such a link, noting that no US bank had yet succeeded in establishing a consumer business in Japan and that even the US investment presence was marginal.

Citicorp had stolen a lead on the US competition when it acquired Vickers Da Costa, the London-based stockbroker which had a seat on the Tokyo Stock Exchange, but even so, said Mr McDermott, its Japanese business was limited.

Dumez withdraws offer for United Westburne

By ROBERT GIBBENS IN MONTREAL

DUMEZ, the French construction and property group, has dropped plans to buy United Westburne Industries, a large Montreal-based plumbing, electrical and heating products wholesaler, for about C\$27m (US\$15.7m).

The offer was made last autumn to Westburne International Industries of Calgary, which owns 94 per cent of United Westburne. This was much higher than a previous management buy-out proposed for United Westburne.

The wholesaler had sales of nearly C\$1.5bn, including recent acquisitions.

Bid rejection advised

By KENNETH MARSTON, MINING EDITOR

AUSTRALIAN GOLD companies, Carr Boyd Minerals and associates Hill Minerals, are advising shareholders to reject the take-over offer made by the Coronet group.

The bids are: three shares in Queen Margaret Gold plus 30 cents cash for each share in Carr Boyd; two shares in Spargo's Exploration.

£100,000,000**BRADFORD & BINGLEY BUILDING SOCIETY****Floating Rate Notes Due 1998**

Interest Rate 11 1/16% per annum

Interest Period 5th January 1987
6th April 1987Interest Amount per £1,000 Note due
6th April 1987 £278.92Credit Suisse First Boston Limited
Agent Bank**NOTICE OF EARLY REDEMPTION****U.S.\$100,000,000****The Sumitomo Trust Finance (H.K.) Limited**
(Incorporated in Hong Kong)

Guaranteed Floating Rate Notes Due 1994

Guaranteed as to payment of principal and interest by
The Sumitomo Trust and Banking Company, Limited
(Incorporated in Japan)

Notice is hereby given that pursuant to Condition 5(B) of the Terms and Conditions of the Notes, the Issuer will redeem all of the outstanding notes, being U.S.\$100,000,000 nominal, at their principal amount on February 13, 1987 when interest on the notes will cease to accrue. Payment of principal together with payment of interest in respect of note No. 6 will be made in accordance with Condition 4 of the Terms and Conditions of the Notes at the offices of any of the paying agents who continue to be listed in the Terms and Conditions of the Notes.

By The Chase Manhattan Bank, N.A. London
Fiscal Agent and Principal Paying Agent**BankAmerica Corporation**
(Incorporated in the State of Delaware)**U.S.\$400,000,000**

Holders of Notes of the above issue are hereby notified that for the final interest Sub-period from 8th January, 1987 to 9th February, 1987 the following will apply:

1. Interest Payment Date: 9th March, 1987
2. Rate of Interest for Sub-period: 6 1/4% per annum
3. Interest Amount payable for Sub-period:

Total Interest Amount payable: US\$549.66
per US\$50,000 nominal

The following Interest Sub-period will be from 9th February, 1987 to 9th March, 1987.

Agent Bank
Bank of America International Limited

We would like to thank our 1986 merger advisory clients for their confidence in us.

Alistar Corporation
Allegheny International, Inc.
Anheuser-Busch Companies, Inc.
The BOC Group plc
Carter Hawley Hale Stores, Inc.
**S.A. Cementeries CBR
Cementbedrijven N.V.**
Compagnie Générale d'Electricité
Container Corporation of America
Copperweld Corporation
Dainippon Ink and Chemicals, Inc.
Di Giorgio Corporation
Doubleday & Company, Inc.
Dow Jones & Company, Inc.
Dynalectron Corporation
AB Electrolux
Engelhard Corporation
Equimark Corporation
Ford Motor Company
Fromageries Bel S.A.
General Mills, Inc.
Grumman Corporation
Hayes-Albion Corporation
H.J. Heinz Company
Honeywell Inc.
Kraft, Inc.

Lufthansa AG
Martin Processing, Inc.
**Metropolitan Life Insurance
Company**
**Mitsubishi Chemical Industries
Limited**
**National Distillers and
Chemical Corporation**
National Gypsum Company
National Intergroup, Inc.
NCR Corporation
NL Industries, Inc.
Norfolk Southern Corporation
OmniBank Corp.
**Owens-Corning Fiberglas
Corporation**
Purolator Courier Corp.
RJR Nabisco, Inc.
The Ryland Group, Inc.
Sea-Land Corporation
SKF Industries, Inc.
Temple-Inland Inc.
Union Pacific Corporation
Unocal Corporation
Volkswagen of America, Inc.
Western Air Lines, Inc.

Dillon, Read & Co. Inc.

TECHNOLOGY

FOOD RESEARCH

Bouncing tomato leads push towards more varied diet

By David Fishlock, Science Editor

MOST readers over the Christmas season will have sat down to a traditional meal. Others, eschewing animal protein for various reasons — as distasteful, unhealthy or inhumane — will have opted for a vegetarian fare. And those will have been those who seeking the best of both worlds, will have consumed a vegetarian food fashioned into facsimiles of animal protein products: frankfurters, and cutlets to whole "birds" wrought in vegetable matter.

It all seems to demonstrate two points — a variety of human tastes and a diversity of food sources. The first is undoubtedly true, and woe betide the food company which ignores customer preferences.

However, as regards the second point, food sources are much more narrow than most people think. More than 90 per cent of the world's diet comes from only 30 plant species. Eight cereal crops provide more than half the food calorie intake of the world's populations.

Food company researchers, working with biotechnology, have the power to broaden food horizons immensely, providing a more varied as well as a more abundant diet tailored to any national custom or need. But how far they can go down this road will depend heavily on customer reaction.

The products of new scientific techniques have already begun to appear in the short, in test-marketing programmes. Some 12m Americans have access to Kraft's Vegi-Snax in supermarkets. These are small packs of raw vegetables improved by cellular genetics so that carrots are perceptibly more juicy, crunchier and sweeter than the regular crop, while celery slices cleanly without those irritating "strings".

The same team of scientists has created what it refers to as the "bouncing tomato". Redder, rounder, heavier, and with their own distinctive flavour and texture, these tomatoes will be in US supermarket shelves within two years.

Meanwhile, Tyneford Plant Laboratory of Scotland, UK, has done the same kind of thing for the date, fine-tuning its appearance and flavour for the many and varied markets where the fruit is a staple of diet. No project, however,

illustrates better both the possibilities and the pitfalls of truly new kinds of food than that described by Professor Jack Edelstein, technical director of Ranks Hovis McDougal, ICI's food group, the "Peter Pan of biotechnology".

This is mycoprotein, a fungus

grown like beer, which can be made into nutritious facsimiles of animal protein. The "meat" in Sainsbury's savoury pies is beef-like chunks of mycoprotein, a species of plant from the same family as mushrooms, truffles, and the moulds that flavour some blue cheeses. It is made from glucose syrup, though in principle any plant carbohydrate could be used as the feedstock.

The natural flavour of mycoprotein is variously described as "mushroomy" and "damp cardboard". But the scientists can give it tastes like ham, chicken or prawn. Moreover, the taste and texture survive the natural filamentary structure of mycoprotein lends itself to "combing" into muscle-like structures by the food processor. This has allowed manufacturers to experiment with simulations of poultry and seafoods. But the use of mycoprotein has been held back by the problem of brewing it in sufficiently large quantities to satisfy even Sainsbury's market for savoury pies, much less to meet other markets within two years.

In 1984, Ranks Hovis McDougal (RHM) embarked on a joint venture with ICI, Britain's strongest repository of biotechnology talent, to scale up production of mycoprotein, which the company claims to be the world's first, entirely new

cereals, and cutlets to whole "birds" wrought in vegetable matter.

The joint RHM-ICI venture, called Marlow Foods, believes it

has now cracked the problem,

where traditional breeding needs

eight-12 years to create a new

hybrid. The team is accentuating

what it sees as desirable

characteristics of the crop and

suppressing the less desirable

plants themselves.

On a farm at Cinnaminson,

near Philadelphia, once owned

by Campbell Soup, a team of

plant scientists is using

chromosomal variation to make

highly imaginative changes to

the plants and make them more

over in three or four years,

more energy captured from the

sun into grain, and less into

straw.

The joint venture hoped to

raise production from about 1

tonne a week at RHM's facilities

at High Wycombe, to about

50 tonnes a week using an existing biomass plant at Billingham, originally built as a pilot plant

for Pruteen, ICI's bacterial

animal feed.

But it was not that simple.

Once again, says Dr Charles

Reece, ICI's research director,

the venture demonstrated a

triumph of biotechnology — that

the equipment must be tailor-

made for the organism to be

used.

The joint RHM-ICI venture,

called Marlow Foods, believes it

has characteristics sufficiently distinctive to put Campbell's name in the fast-growing fresh-produce section of US supermarkets.

This will arrive, with a Campbell label, in 1988. It is deep red right through, round like an orange, has flesh almost as firm as silicon, is expected to be available year-round.

"Consumers' excitement is unbelievable," claims Dr Sharp. Moreover, Campbell will have proprietary rights to the

tomato plants themselves.

The two projects are inter-

related. The quest for a high-

solids processing tomato as a

feedstock for soup is closely

related to the quest for a high

content of sugars and rich

colour. But so dense is the

feedstock fruit, it will bounce

like a ball.

foods which are now within the plant scientist's grasp.

alcohol. This could reduce

the stillage," the rich residues

from the still.

Imperial Biotechnology, a

London-based research firm,

shareholders in which include

Imperial College, has just

announced a £1m investment

from the Australian food group

Burns Philp, to produce an

enzyme cocktail which accelerates

the ageing of cheddar

cheese. A pinch of the

product Accelerase halves the time

needed to ripen a mature

cheddar, dramatically reducing

laboratory inventories. About 20 per

cent of the British market, for

170,000 tonnes of cheddar

annually, is for the "strong"

varieties.

The key ingredient for

Accelerase came from the Food

Research Institute at Reading.

We thought it would be too

expensive to make, until

Imperial Biotechnology showed us how," says Dr Barry Lang.

running the research at Reading.

For Imperial, Accelerase

is the first of a portfolio of

novel food enzymes that Dr

Trevor Langley, chief executive,

plans to bring to an industry

which, he says, "knows a lot

about technology but very little

about agents which develop

about the science." His plans in

savoury flavours and others

which can eliminate an un-

desirable flavour such as bitter-

ness.

Dr Roy Coleman, the UK

Government Chemist and senior

scientist responsible for bio-

technology, is eager to spend

more generously on food

science. Earlier this year he

persuaded companies which

included ICI, BP and Shell, to

form a back-to-back three-year

collaborative research pro-

gramme to invent a "genetic

toolkit" that will facilitate

future manipulations of crops.

The research programme has

been organised so that it can

harness the experience of some

of the best plant scientists in

British universities and in

the direction in which the

pilot is looking.

This helps solve a serious

problem in flight simulation

— the vast amount of comput-

ing power needed to change

detained images in real time.

By providing fine details only

where the pilot is looking,

realism is increased and com-

puting power kept down.

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Flights of fancy in Harrier jump jet

By Geoffrey Cheshire

SINGER Link Miles of Shareham, UK, is to supply the Royal Air Force with mission simulation systems for the British Aerospace Harrier GR Mk 5 aircraft. The whole development and supply contract is thought to be worth about £20m.

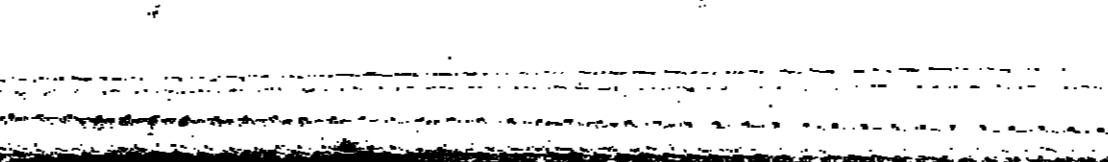
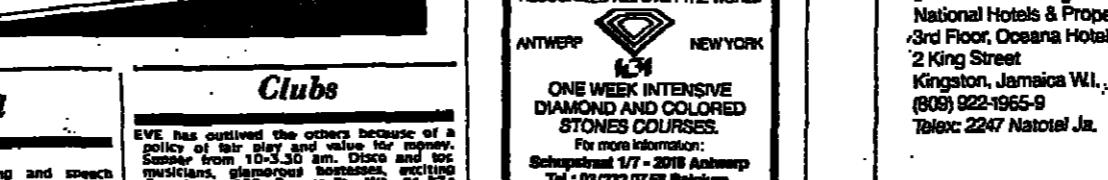
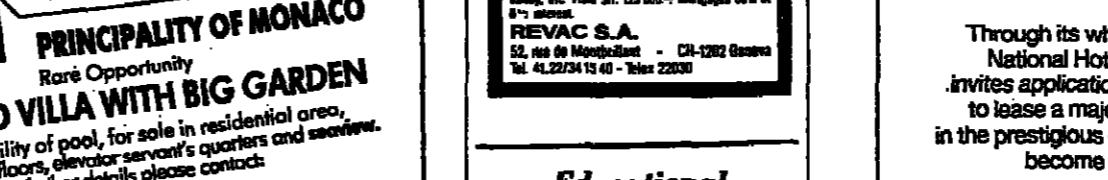
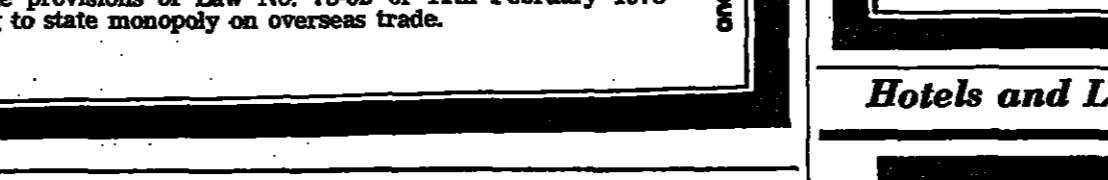
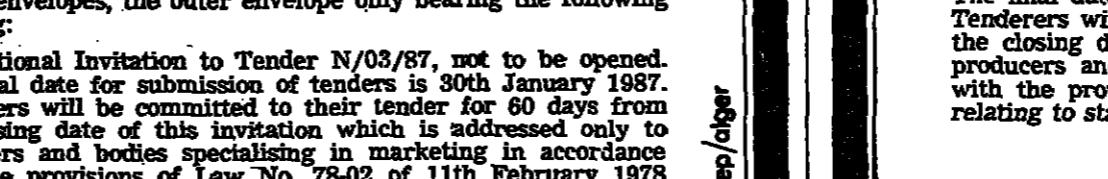
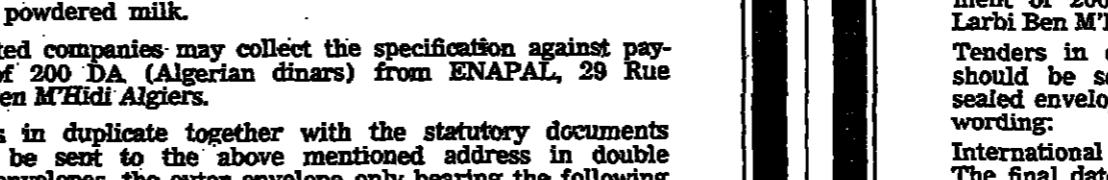
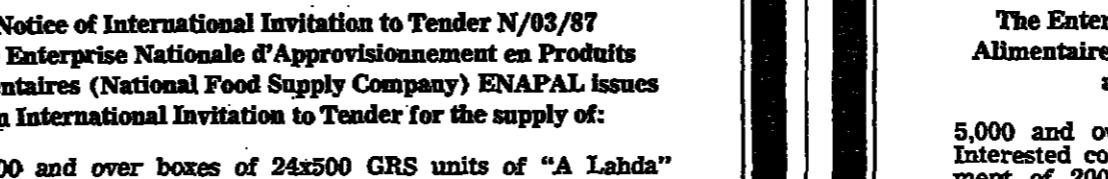
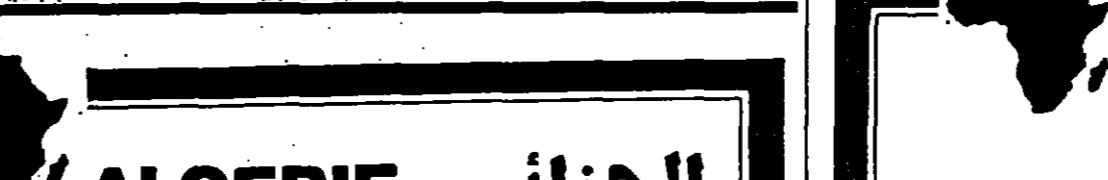
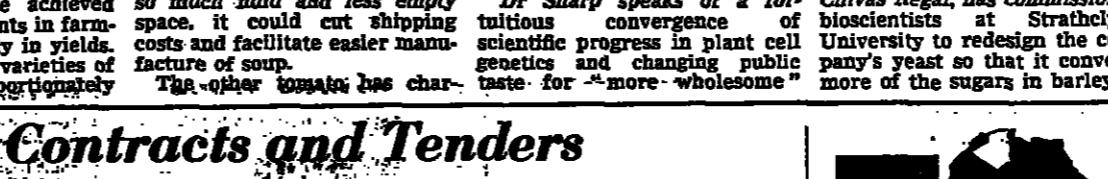
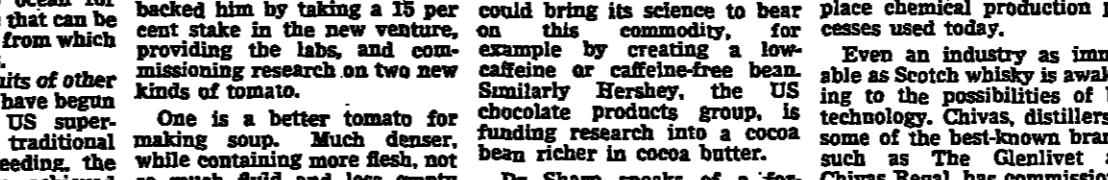
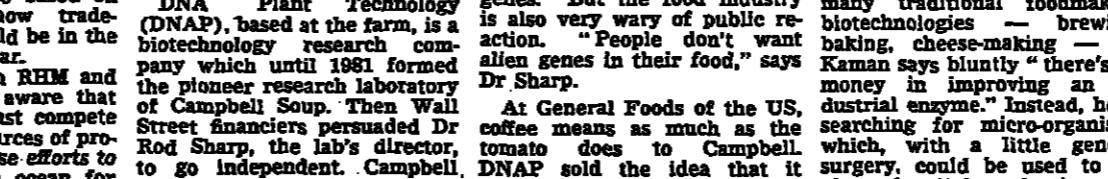
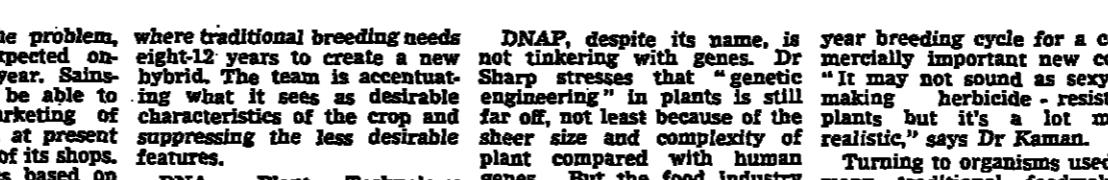
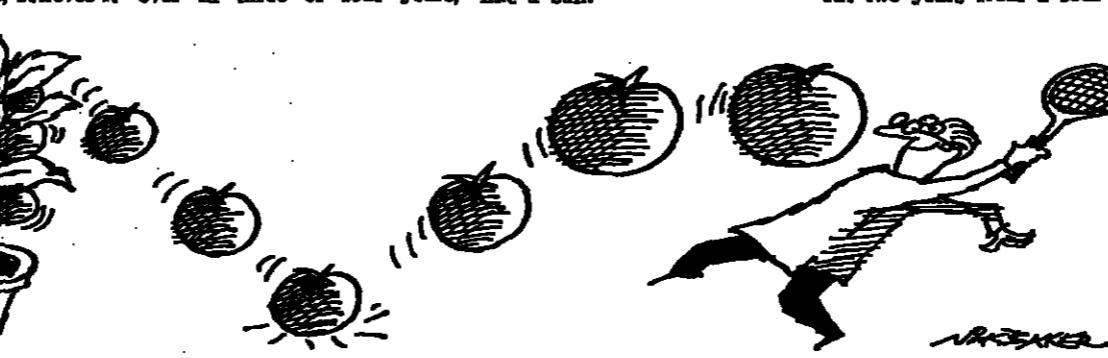
The design uses what is believed to be the first proven eye movement system, in which detail is enhanced in the direction in which the pilot is looking.

Flight training for military pilots is so expensive that simulators are now a vital part of most air force's equipment. Such systems provide a complete replica of the aircraft's cockpit and an external computer-generated view which changes according to the pilot's flight pattern.

Nowadays such simulators gives very convincing impression of reality. The new Harrier software also simulates the aircraft's dynamics and weapons, the bombing systems, forward-looking infra-red (FLIR) system (allowing for night vision) and the head up display (which allows the instrument panel's image to be seen through the windscreens).

Singer Link Miles' visual unit, called Esprit, measures the eye movement of the pilot using helmet-installed systems and produces an enhanced-detail image on the inside of surrounding dome in the direction in which the pilot is looking.

This helps solve a serious problem in flight simulation — the vast amount of computing power needed to change detailed images in real time. By providing fine details only where the pilot is looking, realism is increased and computing power kept down.



UK COMPANY NEWS

PWS tops forecast with 71% profit lift to £8.5m

By NICK BUNKER, INSURANCE CORRESPONDENT

PWS Holdings, the Lloyd's insurance broking group led by Mr Ronnie Ben-Zur, boosted pre-tax profits by 71 per cent to £8.45m in the year ended September 30.

It overshadowed by a £150,000 margin in its own estimate of group profits of £8.3m, made in October when PWS launched its failed takeover bid for C. E. Heath, the UK's sixth biggest quoted broker. PWS shares closed 2p up last night at 514p.

Net brokerage income was up 10 per cent at £15.5m, in line with the group's estimate but included a one-off item of £1.6m arising from a refinement of income recognition policy of subsidiaries. Group profits after taxation were £2.3m (£2.1m), with earnings per share up 73 per cent at 21.6p.

PWS reported an extraordinary charge of £3.2m, including £2.6m spent on the abortive bid for Heath. The bulk of the extraordinary items reflected organisation costs arising from the formation of PWS Holdings last year from a merger between PWS International and Howard Group, Mr Ben-Zur's company. PWS directors said they were

• comment

The market responded sympathetically to such apparently healthy figures. Not a perverse reaction, give two factors—first, the thin market for the stocks (Options, 3, the family trust of Mr Ronnie Ben-Zur, the group's chief executive, holds about 50 per cent); and second, the accuracy of the group's own estimates of forthcoming results. Yet these figures also underline the group's weaknesses—over-dependence on the former Howard Group North American reinsurance broking team, and the uninspiring performance of the old PWS insurance divisions, where broker office rationalisation was a full substitute for the presence of talented business producers. No clear signs have emerged of an easier market in US liability risks (the class that accounted for Howard Group's rapid 1985 earnings growth), putting a question mark over continued profit jumps. If logic points to the divisionalisation as a target (with C. E. Heath, of course, as the main target)—so Mr Ben-Zur is more likely to try acquiring other brokers' executives.

MEPC shares rise on BAT stake disclosure

By Paul Cheshire, Property Correspondent

MEPC, the property group, yesterday disclosed that subsidiaries of BAT Industries, the diversifying tobacco group, are holding more than 5 per cent of its equity.

The news enlivened a quiet property share market and sent the MEPC price to 358p before it settled back to close at 348p for a gain of 10p on the day. In fact the disclosure caused a flurry about nothing in particular.

It did not signify that BAT has been out on a buying spree in search of property assets. Rather it was a case of BAT administrators adding up the shareholdings of wholly-owned subsidiaries and finding that their combined holdings in MEPC were above the notification limit.

On December 31, BAT wrote to MEPC informing it of a holding of 13.5m shares.

The bulk of the holding is in the hands of Eagle Star Insurance, which has 11m shares as a portfolio investment.

Allied Dunbar, another BAT insurance acquisition, has 2.2m shares.

NOTICE TO BONDHOLDERS
NOVEMBER 1986

BONDS 1994

NOTICE IS HEREBY GIVEN that pursuant to Condition 4 of the Bonds, US\$1,000,000 principal amount has been purchased by the Company in full satisfaction of the January 15, 1987 redemption notice.

THE CHASE MANHATTAN BANK N.A., Principal Paying Agent

January, 1987

Mitchell Somers shares jump on bid approach

By PHIL COGGAN

Shares in Mitchell Somers, the engineering group, rose 15p to 145p yesterday after the group announced that an approach had been made which might lead to an offer for the company. At the closing price, the group has a market value of £23m.

Major shareholders in the group include Friends Provident (23.2 per cent) and M & G Investment Management (14.6 per cent). In September, Mr Richard Northcott, the founder

Abbey Panels surges to £1.3m

In line with expectations, the Abbey Panels Investments group lifted its pre-tax profit from £842,000 to £1.3m in the year ended September 30, 1986.

With earnings rising from 18.6p to 19.325p, the final dividend is 1.2p for a net total of 2.4p (2p).

The group's business is that of precision engineers and fabricators to the motor, aero and defence industries. Operating profit was up to £1.15m (£800,000) and the tax charge came to £866,000 (£488,000).

Tax was calculated at an effective rate of 37.5 (42.5) per cent. This was after charging £150,000 (£152,000) depreciation charge on replacement cost and crediting £22,000 (£24,000) transfer from deferred tax in

DIVIDENDS ANNOUNCED

	Date	Corres-	Total	Total
	Current	spending	for	last
	payment	div	year	year
Abbey Panels	12	1	2.4	2
Pope Group	12	1	2.4	2
PWS Holdings	14	6	41	9
Sandell Perkins	13	—	—	—
	Feb 13	—	—	—

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock Unquoted stock. ¶For 6 months.

Pepe profits jump 42% as demand increases

Pepe Group, USM quoted designer, imported and wholesaler of denim wear, lifted pre-tax profits by 42 per cent from £1.56m to £2.55m for the six months to September 30, 1986. Sales grew 47 per cent to £22.81m reflecting a worldwide increase in demand for Pepe jeans.

The company said yesterday that current trading remained buoyant.

After tax of £229,000 (£228,000) and minorities, stated earnings of 16p share, on weighted average basis, were ahead at 6.6p (4.5p).

The interim dividend is maintained at 1.5p net—last year's total was 3.3p on 3.2m profits.

The company reported that a new brand of jeans introduced in the UK in August was well received and helped sales growth at home. The other US-based subsidiaries continued to expand and made record profits.

Pepe Clothing (USA) pro-

ceeded with sales growing substantially. Profitability remained good despite the extra costs incurred in increasing showrooms to six across the US.

The Hong Kong procurement company was well established and this, combined with the new warehouse in Willenhall, allowed the company to overcome any problems that arose from the significant increase in demand for Pepe's merchandise.

• comment

Pepe, which designs jeans and subcontracts them to manufacturers in Hong Kong, is benefiting from a shift back to denim among the fashion-conscious young. Inspired perhaps by Levi's "laundrette striptease" advertisement, the public were so hungry for Pepe's goods that the group had to fly in extra stock.

Added to the cost of three new showrooms in the US, that meant fall in margins. But Pepe will not shed many sales as the 47 per cent sales growth and the falling tax charge allowed the group to show the kind of earnings growth which should expunge the memory of 1985's unhappy flotation. The second half will rely on continued demand for jeans (including the new Big Star range) to push pre-tax profits up to £5.5m; in the longer run, the group is counting on expansion into Europe and growth in its knitwear, T-shirt and coloured trouser sales. At 16p, the shares seem fairly rated on a prospective p/e of 12.

GOAL PETROLEUM: Morgan Grenfell and Co has reduced its holding in Goal by 562,206 ordinary shares to 4m shares.

Sandell Perkins advances by 34%

BUOYANT TRADING conditions in the latter part of 1986 enabled the Sandell Perkins group of building materials and timber merchants to show a jump in profits for the six months ended September 30, 1986.

The group, which came to the market in September, lifted its turnover by 20 per cent, from £46.1m to £52.7m, and its pre-tax profit by 34 per cent, from £3.52m to £4.72m.

Mr Timothy Perkins, chairman, said there had been a satisfactory performance by all sections of the business in the period. The second half had started well and he anticipated that, subject to reasonable building weather, the group would continue to make good group total to over £50m.

A number of branches have also had new tool-hire sections incorporated in the group's move towards "one-stop shopping centres."

• comment

September's flotation of Sandell Perkins was one of 1986's new issues in the stories and the shares at 190p, 55p over the offer price, still reflect the warm glow the strong subscription list gave the stock. First day trading was dominated by an improvement in margins (up to 8.8 per cent from 8 per cent) arising from higher prices in some building materials and the growing contribution of the lucrative hire operation. With most of the new branches on the 55p line from the issue in the bank for the second half, full year pre-tax profits should reach £5m—a mild winter could even see another £1m added on.

Corran has 28 shops, mainly in Ohio, and turns over \$10m a year. Net assets involved in the deal total \$7m.

The purchase will complete the group's seven existing US confectionery outlets which trade under the Laura Secord name. Rowntree also has 215 Secord shops in Canada and two substantial fast food businesses in the US.

Retailing accounts for 20 per cent of the group's \$700m annual sales in North America, which, in turn, represents 40 per cent of total turnover.

Other North American interests include Tim's Foods, Summar and Rowntree Dairymilk.

Pepe, which designs jeans and subcontracts them to manufacturers in Hong Kong, is benefiting from a shift back to denim among the fashion-conscious young. Inspired perhaps by Levi's "laundrette striptease" advertisement, the public were so hungry for Pepe's goods that the group had to fly in extra stock.

Added to the cost of three new showrooms in the US, that meant fall in margins. But Pepe will not shed many sales as the 47 per cent sales growth and the falling tax charge allowed the group to show the kind of earnings growth which should expunge the memory of 1985's unhappy flotation. The second half will rely on continued demand for jeans (including the new Big Star range) to push pre-tax profits up to £5.5m; in the longer run, the group is counting on expansion into Europe and growth in its knitwear, T-shirt and coloured trouser sales. At 16p, the shares seem fairly rated on a prospective p/e of 12.

GOAL PETROLEUM: Morgan Grenfell and Co has reduced its holding in Goal by 562,206 ordinary shares to 4m shares.

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	div. (p.)	%	P/E
135	118	Ass. Brit. Ind. Ord.	126	+ 2	7.3	5.4	8.3
147	121	Ass. Brit. Ind. CULS	145	—	10.0	6.9	—
40	28	Armitage and Rhodes	35	—	4.2	12.0	4.9
71	64	BBS Design Group (USM)	67	—	1.4	2.1	18.0
215	188	Bardon Hill Group	215	—	4.5	2.1	24.4
36	25	Bray Technologies	25	—	4.3	4.5	11.2
138	75	CCL Group Ordinary	130	—	2.9	2.2	8.2
107	89	CCL Group 10p Conv. Pref.	89	—	15.7	16.8	—
229	116	Carborundum Ordinary	229	—	9.7	3.7	13.0
83	90	Carborundum 7.5p Conv. Pref.	82	—	10.7	11.6	—
125	75	George Blair	86	—	8.7	7.0	8.6
57	57	Light Precision Castings	57	—	18.3	12.9	8.2
181	148	Longfellow	143	—	1.4	—	—
124	101	Jackson Group	122	—	8.7	5.0	8.4
377	280	James Burrough Spc Pref.	225	—	17.0	8.2	6.1
100	29	James Burrough Spc	29	—	12.9	14.5	—
1,026	342	Muthhouse N.V. (Amers) Ordinary	750	+ 30	—	—	30.3
380	280	Record Midway Ordinary	323	—	—	—	6.3
100	83	Record Midway 10p Conv. Pref.	83	—	14.1	17.0	—
89	67	Robert Jenkins	89	—	—	—	3.8
43	30	Scruttons	43	+ 1	—	—	—
141	67	Torday and Carlisle	141	—	8.7	4.0	8.5
340	324	Trowian Holdings	324	—	7.3	2.6	14.0
79	42	Whitbread Holdings (SE)	79	—	2.8	4.7	11.2
102	102	Woolworths	117	+ 1	5.0	4.2	11.2
200	180	W. S. Yeates	195	—	17.4	8.9	18.6
36	37	West Yards Ind Hoop (USM)	36	—	8.5	5.8	12.7

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	Std Price	Offer Price	+ or - from Close	Yield	
Abbey Unit Trust, Managers (A)					
20 Holborn Viaduct, London EC1		6545 722373			
American Income	107.3	109.7	+1.4	5.22	
American Investors	107.3	109.7	+1.4	5.22	
City & Finsol Fund	107.4	125.400	+18.0	10.24	
Higgs & Evelyn	107.4	121.400	+14.0	9.74	
Worldwide Fund	101.3	114.400	+13.1	6.53	
Capital Growth					
Australia Inv	101.0	101.0	0.0	4.95	
Eastern Inv	101.2	101.2	0.0	4.71	
Europa Income Inv	101.5	101.5	0.0	4.74	
Europe Inv	101.7	101.7	0.0	4.74	
Global Growth	101.0	101.0	0.0	4.95	
Smooth & Fair Inv	101.0	101.0	0.0	4.95	
Growth & Inv. Inc. Acc.	101.3	101.3	0.0	4.95	
Invest. Securities Inv	101.7	101.7	0.0	4.74	
First Europe Inv	102.0	102.0	0.0	4.19	
First Investors Inv	104.6	104.6	0.0	4.19	
First North America Inv	101.3	101.3	0.0	4.74	
First Smaller Corp Inv	101.3	101.3	0.0	4.74	

UNIT TRUST INFORMATION SERVICE

COMMODITIES AND AGRICULTURE

Chicago maize prices tumble to 14-year lows

BY DAVID OWEN IN CHICAGO

JUST WHEN some in the US maize trade were beginning to think that the market had hit rock bottom, a renewed slump has pushed prices to their lowest levels in 14 years.

By mid-morning yesterday the Chicago Board of Trade's nearby March contract stood at \$1.62/t a bushel, down 44 cents from Friday's close. More distant contract months have been hit even harder. The price for December 1987 delivery, for example, has tumbled 64 cents to \$1.73/t a bushel.

With little change in the formidable list of factors which have for so long depressed the market (massive surplus, poor export potential, bumper Soya crop and so on), many observers are blaming the advent of a new tax year for the most recent losses.

This, they reason, has prompted farmers to unleash into the market a new wave of generic commodity certificates, which allow the holders to redeem commodities from government stocks. They will not have to pay tax on the proceeds of these latest sales until April 1988. "Last week certificates were very active," according to Mr Victor Lepinskie of Chicago-based Dean Witter Reynolds. And, most believe,

there are plenty more where those came from.

"A terrific barrage of certificates came out in December in payment to farmers enlisting in the current Farm Act contained in the Reagan Administration's 1985 budget proposals.

Specifically, attention point to the proposal to reduce by 10 per cent a year the target prices set by Congress as the basis for calculating farmers' income protection subsidies, starting in 1988. These cuts would be in addition to the 2-5 per cent reductions already mandated by the Farm Act for the 1988-90 period.

While such plans are sure to meet staunch resistance in Congress, the desperate need to cut ballooning farm spending makes the implementation of some form of accelerated target price reduction scheme likely, traders feel.

And most is the resultant air of despondency now pervading the market that most believe that maize still has considerable downside potential—even from today's depressed levels.

"Cargill has been a big seller. The other commercials have generally been selling too. I think we will continue under pressure," says Dean Witter's Mr Lepinskie. "The market is tied to the Government price at the moment," adds Mr Ken Adair, a Gelderman analyst.

"If they are going to lower that, I guess we will go lower too."

A further factor which many had responsible for the steeper losses in the so-called "new crop" delivery months from December 1987 onwards, is concern at proposed changes to

the Wheat Program," says Mr Ted Mac, a Shearson Lehman Brothers vice president.

"Between now and March those signing up for the Feed Grain Program will receive them," he adds.

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CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

French franc at EMS floor

THE FRENCH FRANC fell to its lowest permitted level against the D-Mark within the EMS yesterday, following a flurry of intervention and statements which at times seemed contradictory.

Early trading saw the French unit ease as a result of recent industrial unrest in France and continued D-Mark strength, the latter exacerbated by weakness of the US dollar. However it soon became clear that several European central banks were intervening to sell the D-Mark in an effort to maintain current parity levels at least until the West German general election on January 22.

In addition the French Finance Minister Mr Edouard Balladur said that the French authorities would strongly resist attempts to move the franc before or shortly after the West German election unless this was part of a general D-Mark revaluation against all EMS currencies. This saw the D-Mark fall to FF 3,205 from FF 3,230. However the overall picture was upset completely by a statement during the afternoon which said that the French authorities were prepared to allow the D-Mark to appreciate to its ceiling level against the franc. Consequently the German unit rose to its highest level allowed for FF 3,230. In London it closed at FF 3,230 from FF 3,220.

Intervention was intensified on the weaker members of the EMS with the Danish krone fixed at its floor level. The D-Mark was quoted at Dkr 3.7878 having already attained this level on Monday. Pressure on the Belgian franc prompted the Belgian central bank to increase domestic treasury bid rates.

IN NEW YORK

Jan 5	Last	Previous
1.4790-1.4800	1.4790-1.4815	1.4790-1.4815
0.55-0.55 per cent	0.55-0.55 per cent	0.55-0.55 per cent
1.79-1.79 per cent	1.78-1.78 per cent	1.78-1.78 per cent
6.35-6.35 per cent	6.28-6.28 per cent	6.28-6.28 per cent

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Jan. 5	Jan. 6	Previous
8.30 am	6.92	6.92
9.00 am	6.88	6.92
10.00 am	6.88	6.91
11.00 am	6.88	6.91
1.00 pm	6.89	6.91
2.00 pm	6.89	6.88
3.00 pm	6.89	6.88
4.00 pm	6.89	6.88

CURRENCY RATES

Jan. 5	Bank	Special	European	Right (U)
1.4710-1.4710	1.4710-1.4710	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4720-1.4720	1.4720-1.4720	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4730-1.4730	1.4730-1.4730	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4740-1.4740	1.4740-1.4740	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4750-1.4750	1.4750-1.4750	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4760-1.4760	1.4760-1.4760	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4770-1.4770	1.4770-1.4770	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4780-1.4780	1.4780-1.4780	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4790-1.4790	1.4790-1.4790	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4800-1.4800	1.4800-1.4800	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4810-1.4810	1.4810-1.4810	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4820-1.4820	1.4820-1.4820	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4830-1.4830	1.4830-1.4830	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4840-1.4840	1.4840-1.4840	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4850-1.4850	1.4850-1.4850	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4860-1.4860	1.4860-1.4860	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4870-1.4870	1.4870-1.4870	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4880-1.4880	1.4880-1.4880	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4890-1.4890	1.4890-1.4890	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4900-1.4900	1.4900-1.4900	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4910-1.4910	1.4910-1.4910	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4920-1.4920	1.4920-1.4920	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4930-1.4930	1.4930-1.4930	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4940-1.4940	1.4940-1.4940	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4950-1.4950	1.4950-1.4950	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4960-1.4960	1.4960-1.4960	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4970-1.4970	1.4970-1.4970	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4980-1.4980	1.4980-1.4980	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.4990-1.4990	1.4990-1.4990	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5000-1.5000	1.5000-1.5000	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5010-1.5010	1.5010-1.5010	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5020-1.5020	1.5020-1.5020	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5030-1.5030	1.5030-1.5030	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5040-1.5040	1.5040-1.5040	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5050-1.5050	1.5050-1.5050	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5060-1.5060	1.5060-1.5060	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5070-1.5070	1.5070-1.5070	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5080-1.5080	1.5080-1.5080	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5090-1.5090	1.5090-1.5090	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5100-1.5100	1.5100-1.5100	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5110-1.5110	1.5110-1.5110	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5120-1.5120	1.5120-1.5120	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5130-1.5130	1.5130-1.5130	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5140-1.5140	1.5140-1.5140	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5150-1.5150	1.5150-1.5150	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5160-1.5160	1.5160-1.5160	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5170-1.5170	1.5170-1.5170	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5180-1.5180	1.5180-1.5180	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5190-1.5190	1.5190-1.5190	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5200-1.5200	1.5200-1.5200	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5210-1.5210	1.5210-1.5210	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5220-1.5220	1.5220-1.5220	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5230-1.5230	1.5230-1.5230	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5240-1.5240	1.5240-1.5240	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5250-1.5250	1.5250-1.5250	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5260-1.5260	1.5260-1.5260	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5270-1.5270	1.5270-1.5270	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5280-1.5280	1.5280-1.5280	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5290-1.5290	1.5290-1.5290	0.82-0.85 per cent	4.92	1.74-1.75 per cent
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1.5380-1.5380	1.5380-1.5380	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5390-1.5390	1.5390-1.5390	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5400-1.5400	1.5400-1.5400	0.82-0.85 per cent	4.92	1.74-1.75 per cent
1.5410-1.5410				

LONDON STOCK EXCHANGE

Account Dealing Dates
Option
First Dealing Last Account
Dealsings Dealing Day

Dec 8 Dec 18 Dec 19 Jan 5
Dec 22 Jan 5 Jan 9 Jan 10
Jan 12 Jan 22 Jan 23 Feb 2

"New year dealings may take place from 9.00 am two business days earlier.

The UK securities markets closed buoyantly last night as renewed firmness in sterling, together with another strong start on Wall Street, helped London's equities to ride comfortably over a post-holiday shank.

Government bonds ended with net gains of half a point, on the back of all light retail demand.

Share prices were weakened at mid-session by a rash of market rumours of further, serious developments on the inside trading front. But the rumours were taken with a pinch of salt by traders, and the market recovered smartly after lunch when US buyers of Glaxo, Imperial Chemicals and Cons Gold led the industrialists ahead.

At the close, the FT-SE 100 index was 10.7 up at 1807.0, having recovered an early fall of nearly three points. The FT ordinary index, at 1333.3, gained 11.5.

The rumours of fresh insider trading of industrial stocks were denied by two merchant bankers now to be under official supervision. Traders noticed that at least one major marketmaker cut his prices as the rumours circulated—suggesting a wish to pick up stock cheaply. The traded options market saw heavy demand for the FT-SE 100 contracts, which moved to 1700 for near dates, seen as demand from professional traders.

These indications that market traders were short of stock were accompanied by signs of good US demand for selected issues. Imperial Chemical Industries, with 1.8m dealt in and traded options also busy, quickly recovered from a period of under-performance against the rest of the market.

The next focus was Glaxo (2.4m), which is now attracting US buyers as well as the UK and Japanese investors who drove the price higher ahead of Glaxo's latest Christmas disclosure of its latest drug project.

Mercantile House slipped lower, with the market unhappy over the role of Alexander & Crucke-shank, the group's brokerage arm, which acted as buying agent for Glaxo, a蒙特利尔's Canadian purchaser of a near 15 per cent stake in Mercantile.

The Government bond market quickly shook off minor losses and moved up smartly again as it recovered ground. Traders commented that "there are no sellers of this market," and a very modest demand, including a trickle of retail interest, was

Equities close higher after early setback helped by gilt-edged and Wall Street

enough to take prices ahead. Firm futures trading underpinned the cash market.

Once again, rises in index-linked issues suggested some underlying worry about inflation. But the IL sector was largely a traders' market, with the professionals hedging against positions in the cash market.

Hill Samuel feature

Merchant banks attracted a considerable amount of speculative support with Hill Samuel the dominant feature as the shares jumped 1.6 to 425p to the accompaniment of some very strong concern.

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FINANCIAL TIMES STOCK INDICES

	Jan. 6	Jan. 5	Jan. 2	Dec. 31	Dec. 30	Year ago	1986/87	Since Compilation	
							High	Low	
Government Secs	84.49	84.66	84.76	83.62	83.55	81.79	94.51	80.39	127.4
Fixed Interest	90.83	90.42	90.23	89.72	89.60	88.15	97.68	86.35	49.18
Ordinary	1,334.3	1,322.8	1,320.2	1,313.9	1,308.6	1,315.3	1,425.9	1,394.3	130.75
Gold Mines	315.6	308.9	304.1	289.8	282.1	277.2	357.8	185.7	43.5
Ord. Div. Yield	4.29	4.35	4.36	4.38	4.39	4.37	4.39	4.37	4.29
Earnings Yield (%full)	10.16	10.29	10.33	10.36	10.39	10.26	12.04	10.25	2.85
P/E Ratio (Inv. P)	12.08	11.93	11.88	11.84	11.81	11.36	12.59	11.84	1.42
SEB Shares (5 pnd)	34,393	34,276	19,460	22,524	25,720	517.97	103.0	85.5	64.00
Equity Turnover (Est.)	—	857.54	360.58	496.58	621.71	25,743	24,799	23.18	20.40
Equity Turnover (Est.)	—	41,268	37,795	52,172	55,743	1,200.00	1,180.00	20.13	18.00
Shares Traded (m)	—	355.1	220.0	277.8	334.4	294.0	325.0	11.87	10.71

S.E. ACTIVITY

Indices Jan. 5 Jan. 2

Ed. Edited Securities 139.4 90.2

Equity Securities 267.5 246.2

Equity Value 173.3 168.5

Ed. Edited Securities 103.0 85.5

Equity Securities 231.8 203.4

Equity Value 125.8 118.7

Stocks 747 642

Shares 747 642

Securities 747 642

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

12 Month P/ Sg
High Low Stock Div. Yld. E 100s

Sales figures are unofficial. Yearly highs and lows reflect previous 52 weeks plus the current week, but not the last trading day. Where a split or stock dividend amounts to

any cash or more has been paid, the year's high-low range dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

dividend declared after split-up or stock dividend. j-dividend paid that year, omitted, deferred, or no action taken at least dividend meeting. k-dividend declared or paid this year, an cumulative issue with dividends in arrears. n-new issue in last 52 weeks. The high-low range begins with the start trading, rd-next day delivery, P/E-price-earnings ratio. r-regular dividend declared or paid in preceding 12 months, plus stock or cash dividends, a-stock split. Dividends begin with date of split, a. t-dividend paid in stock in preceding 12 months, the distributed cash value on ex-dividend or ex-distribution date. u-yearly high, v-trading halted. w-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or series assumed by stock companies, x-distributed, w-with warrants, x-ex-dividend or ex-rights, y-distribution, z-without warrants. Name/number and name

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BELGIUM
& LUXEMBOURG

Stock	Div	E	100s	High	Low	Close	Change	Stock	Div	E	100s	High	Low	Close	Change	Stock	Div	E	100s	High	Low	Close	Change								
ACIIHd		56	145	145	143	143	- 1	Cubic	.39	121	100	177	17	17	- 1	ISS	.18	23	12	55	54	54	- 1	RBW		54	54	54	- 1		
ACIOp	1.20	45	45	44	44	44	- 1	Curicic	.96	15	5	325	324	324	- 1	ImpDdg1.60	8	456	137	2	369	374	+ 1	Ragan	.12	42	10	22	22	22	- 1
AMfint		229	1052	65	54	54	+ 1	D	D	D	D	D	D	D	D	Insty	.23	22	319	2	18	2	- 1	Ranbig	.12	52	115	125	125	125	- 1
AcmePr.046	2	30	51	51	51	51	- 1	DWG	.06	104	26	27	24	24	+ 1	IntSyd	.23	30	22	11	10	11	+ 1	Reast A	4	572	1000	123	120	120	+ 1
Action		83	83	83	83	83	- 1	Dwson		3042	121	178	12	12	- 1	IntCov	.09	9	22	11	10	11	+ 1	Reast B	8	15	7	7	7	7	- 1
AdPust		81	114	211	21	21	- 1	DataPd	.16	21268	121	178	12	12	- 1	IntShnt	.10	11	21	12	12	12	- 1	Reast C	15	15	7	7	7	7	- 1
AlbauW		42	72	72	72	72	- 1	Delemed	.32	11-16	9-16	5-16	5-16	5-16	- 1	IntShnt	.11	11	21	12	12	12	- 1	Reast D	15	15	7	7	7	7	- 1
Alphain		57	75	75	75	75	- 1	Digicon	.30	30	37	37	37	37	- 1	IntShnt	.11	11	21	12	12	12	- 1	Reast E	15	15	7	7	7	7	- 1
Alizas		41	50	20	20	20	+ 1	Differd	.12	16	43	39	37	37	- 1	IntShnt	.11	11	21	12	12	12	- 1	Reast F	15	15	7	7	7	7	- 1
Almeida	.20	47	861	20	20	20	+ 1	Diodes	.3	3	34	31	31	31	- 1	IntShnt	.11	11	21	12	12	12	- 1	Reast G	15	15	7	7	7	7	- 1
Altelet	.50	8	7	10	17	17	+ 1	DomeP		1205	1	1	1	1	- 1	IntShnt	.11	11	21	12	12	12	- 1	Reast H	15	15	7	7	7	7	- 1
Alteks	.12	71	71	70	70	70	+ 1	Driifer		100	1	1	1	1	- 1	IntShnt	.11	11	21	12	12	12	- 1	Reast I	15	15	7	7	7	7	- 1
Alizas	.52	67	57	105	10	105	+ 1	Ducom	.20	102	174	17	174	174	- 1	Jacobs	.45	15	9	9	9	9	- 1	Rogers		11	65	154	154	154	- 1
Almid		14	52	52	52	52	- 1	Jetson	.77	11	11	11	11	11	- 1	Rudicks	.32	11	11	11	11	11	- 1	Rudicks	.32	11	11	11	11	11	- 1
AlPetr		14	45	45	45	45	- 1	JohnPd		115	15	15	15	15	- 1	SJW	.157	11	6	34	34	34	+ 1	SJW		11	34	34	34	34	+ 1
AlProcs	.18	64	16	11	105	105	+ 1	JohnPd		108	15	15	15	15	- 1	Sage		24	24	64	64	64	+ 1	Sage		24	64	64	64	64	+ 1
AmToy		212	54	54	54	54	- 1	JohnPd		108	15	15	15	15	- 1	Scheba	.30	14	2	153	153	153	- 1	Scheba	.30	14	2	153	153	153	- 1
ASCIe		108	108	55	55	55	- 1	KeyCap.24b		10	17	45	4	4	- 1	SodCap	.50	8	2	153	153	153	- 1	SodCap	.50	8	2	153	153	153	- 1
Ampel	.06	8	8	15	15	15	- 1	KeyCap.25a		10	17	45	4	4	- 1	SodCap	.50	8	2	153	153	153	- 1	SodCap	.50	8	2	153	153	153	- 1
Andal		12	7	9	9	9	- 1	Klark		10	35	35	35	35	- 1	Solitron	.20	105	7	7	7	7	- 1	Solitron	.20	105	7	7	7	7	- 1
Andrich		2	2	2	2	2	- 1	KooperC.240		434	241	307	307	307	- 1	SpedOp		77	1	1	1	1	- 1	SpedOp		77	1	1	1	1	- 1
Armin		2	2	3	3	3	- 1	KooperC.240		434	241	307	307	307	- 1	Stevan	.06							Stevan	.06						
Arundi		6	2	20	19	19	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		130	1	1	1	1	- 1	StienEl		130	1	1	1	1	- 1
Asmrg	.20	135	128	58	58	58	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		125	1	1	1	1	- 1	StienEl		125	1	1	1	1	- 1
Astrof		572	572	572	572	572	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		120	1	1	1	1	- 1	StienEl		120	1	1	1	1	- 1
Atario		12	764	15	15	15	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		115	1	1	1	1	- 1	StienEl		115	1	1	1	1	- 1
AtisCM		44	44	78	78	78	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		110	1	1	1	1	- 1	StienEl		110	1	1	1	1	- 1
Atizas		14	47	47	47	47	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		105	1	1	1	1	- 1	StienEl		105	1	1	1	1	- 1
B	B	B	B	B	B	B	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		100	1	1	1	1	- 1	StienEl		100	1	1	1	1	- 1
BAT	.20s		336	6	13	15	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		95	1	1	1	1	- 1	StienEl		95	1	1	1	1	- 1
BarryRG	.15	110	57	57	57	57	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		90	1	1	1	1	- 1	StienEl		90	1	1	1	1	- 1
Baruch		34	6	5	5	5	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		85	1	1	1	1	- 1	StienEl		85	1	1	1	1	- 1
Barzer	.22	17	742	20	20	20	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		80	1	1	1	1	- 1	StienEl		80	1	1	1	1	- 1
BarzOp	.46	15	53	50	50	50	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		75	1	1	1	1	- 1	StienEl		75	1	1	1	1	- 1
Barvly	.44	13	70	14	13	13	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		70	1	1	1	1	- 1	StienEl		70	1	1	1	1	- 1
BarwM	1	11	5	23	23	23	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		65	1	1	1	1	- 1	StienEl		65	1	1	1	1	- 1
BloumA	.45	25	25	13	13	13	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		60	1	1	1	1	- 1	StienEl		60	1	1	1	1	- 1
BlouB	.45	27	10	12	12	12	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		55	1	1	1	1	- 1	StienEl		55	1	1	1	1	- 1
BlowSv.20d		19	198	3	2	2	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		50	1	1	1	1	- 1	StienEl		50	1	1	1	1	- 1
Bomm	.50	13	154	125	25	25	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		45	1	1	1	1	- 1	StienEl		45	1	1	1	1	- 1
Bonne	.50	13	1054	25	25	25	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		40	1	1	1	1	- 1	StienEl		40	1	1	1	1	- 1
Brems	.50						- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		35	1	1	1	1	- 1	StienEl		35	1	1	1	1	- 1
CDH	14	15	274	273	273	273	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		30	1	1	1	1	- 1	StienEl		30	1	1	1	1	- 1
CMI Cp		133	23	23	23	23	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		25	1	1	1	1	- 1	StienEl		25	1	1	1	1	- 1
Cmrcs	.44	11	5	10	10	10	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		20	1	1	1	1	- 1	StienEl		20	1	1	1	1	- 1
CmrcsF	.40	11	10	10	10	10	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		15	1	1	1	1	- 1	StienEl		15	1	1	1	1	- 1
ConCp	.40	7	10	10	10	10	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		10	1	1	1	1	- 1	StienEl		10	1	1	1	1	- 1
ConCpG	.29	55	54	54	54	54	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		5	1	1	1	1	- 1	StienEl		5	1	1	1	1	- 1
ConCpG	.30	55	54	54	54	54	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		5	1	1	1	1	- 1	StienEl		5	1	1	1	1	- 1
ConCpG	.30	55	54	54	54	54	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		5	1	1	1	1	- 1	StienEl		5	1	1	1	1	- 1
ConCpG	.30	55	54	54	54	54	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		5	1	1	1	1	- 1	StienEl		5	1	1	1	1	- 1
ConCpG	.30	55	54	54	54	54	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		5	1	1	1	1	- 1	StienEl		5	1	1	1	1	- 1
ConCpG	.30	55	54	54	54	54	- 1	KooperC.240		434	241	307	307	307	- 1	StienEl		5	1	1	1	1	- 1	StienEl		5	1	1	1	1	- 1
ConCpG	.30	55	54</td																												

OVER-THE-COUNTER Nasdaq national market, closing prices

Stock	Sales (Units)	High	Low	Last	Chng	Stock	Sales (Units)	High	Low	Last	Chng	Stock	Sales (Units)	High	Low	Last	Chng	Stock	Sales (Units)	High	Low	Last	Chng		
ADCs	15 688	222	214	212	- 4	Calland	1.05	16	70	45	+ 4	FAlaBts	.54	13 1475	224	222	+ 2	+ 2	Karcher	23 592	174	171	171	- 2	
ASK	21 839	112	112	112	- 2	Chrom	.86	100	131	124	+ 1	FatAns	1.00	13 424	43	43	- 2	+ 2	Kasler	154	62	61	61	- 1	
AST	7 1185	147	136	136	- 1	ChrDws	21	22 415	128	134	+ 2	FABA	.40b	9 174	102	105	+ 2	+ 2	KllySwA	.70	22 209	50	49	- 1	+ 1
AT&T	1920	137	137	137	- 2	ChrDws	1.32	11 362	67	62	+ 2	FAFA	1	11 1320	269	265	+ 2	+ 2	KllyCnJ11.10	.69	9 2701	204	204	- 2	+ 1
AcuRay	28 93 3761	45	44	44	- 1	Chitic	.15e	7 39	75	72	- 2	FAFA	1	11 148	181	181	+ 2	+ 2	Kincaid	.86	10 1211	57	57	- 2	+ 1
Acmed	47 291	260	273	264	+ 1	Cipher	.56	26 122	511	502	+ 1	FACm	1.20	8 17	161	161	- 2	+ 2	Kruger	.96	16 1610	145	121	- 11	+ 12
AgoTel	18 273	104	104	104	+ 1	CoCoCo	1	12 2601	26	25	+ 2	FEmp	1.40	9 24	79	75	- 2	+ 2	Kulcke	.96	13 495	15	145	- 15	+ 1
Aeron	47	155	417	415	- 2	CoCoFds	.50	13 308	328	322	+ 2	FEmpF2.20	.58	28 9895	17	165	+ 2	+ 2	L						
AEBS	14 1630	127	124	124	- 1	CoCoFp1.05a	1	10 189	401	397	+ 2	FEmpF2.28	.58	167	22	21	+ 2	+ 2	LSIL	21 872	144	141	141	- 2	
Aqsys	1	28 1015	231	23	+ 2	CoCoFp2.40	.4	11 443	251	244	+ 2	FEpxG	.59	229	224	214	+ 2	+ 2	LSI Lgs	78 7116	318	314	314	- 2	
Aqtric	20	213	201	197	+ 2	CoCoFp2.50	.4	11 443	126	125	+ 2	FFMiC	.20e	3 1023	25	21	+ 2	+ 2	LTX	21 872	144	141	141	- 2	
AirWise	30	323	122	114	+ 2	CoCoFp2.52	.4	2 261	251	251	+ 2	FFMiC	.40	7 257	257	21	+ 2	+ 2	LePetit	49 450	153	125	125	- 2	
AlgoD	78	78	159	154	- 1	CoCoFp2.57c	.4	11 443	47	45	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	By 1.80	13 60	65	64	- 1	
Algorit	15 1346	185	184	184	- 1	CoCoFp3.27c	.4	11 443	55	47	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	12 151	161	155	155	- 2	
Allex	10 1555	227	224	224	+ 1	CoCoFp4.12	.4	11 443	574	574	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	20 459	211	211	211	- 2	
Allex	12 1559	481	47	481	+ 1	CoCoFp5.93	.4	11 718	274	264	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AllAms	12 55	141	134	141	+ 2	CoCoFp6.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
Alegro	24	11 104	24	24	- 2	CoCoFp7.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
Allegro	1437	10	95	10	+ 1	CoCoFp8.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlldB	40	82 458	125	124	+ 2	CoCoFp9.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
Allos	8 731	124	124	124	- 2	CoCoFp10.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
Almost	44	271	124	124	- 2	CoCoFp11.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpir	50	11 1534	141	141	- 2	CoCoFp12.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	55	158	159	159	- 2	CoCoFp13.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp14.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp15.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp16.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp17.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp18.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp19.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp20.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp21.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp22.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp23.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp24.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp25.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp26.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp27.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp28.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp29.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp30.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp31.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp32.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp33.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp34.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp35.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp36.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp37.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp38.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp39.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp40.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp41.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ	23 2778	145	141	141	- 2	
AlSpirs	115	158	159	159	- 2	CoCoFp42.93	.4	12 1005	18	172	+ 2	FFMiC	.40	10 49	185	15	+ 2	+ 2	LeZ						

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FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

More efforts build on record high

CONSOLIDATING recent gains, Wall Street stock prices edged higher yesterday on heavy volume, writes *Roderick Orman* in New York.

Trading remained thin in credit markets with prices turning mixed.

The Dow Jones industrial average closed up 3.51 at 1,974.83. A record, having dipped during the afternoon below its opening level. The New York Stock Exchange composite index gained 0.42 points to 144.81, still falling short of its record of 145.75 set on September 4.

NYSE volume remained strong at 190.5m with advancing issues outpacing those falling by a margin of about three to two, easing considerably from the 10-to-one ratio of Monday and last Friday.

At its best level during the morning the Dow Jones industrial average was ahead more than 12 points but it failed to hold on to all the gains despite continued buying by institutional investors. The market may continue its pause for breath, many analysts believe, after the hectic gains in the two previous sessions.

Among blue chips, Allied Signal was unchanged at \$42%. American Express

rose \$1 to \$60%, Chevron edged up \$14 to \$46%, Du Pont advanced 5% to \$88%, McDonald's added \$4 to \$64% and Philip Morris was unchanged at \$75%.

Retail stocks were strong for the second day as several analysts became more positive about their earnings' outlook. Sears Roebuck gained 5% to \$43%, K mart advanced 5% to \$44%. Federated Department Stores rose 5% to \$87.5, J. C. Penney added \$2% to \$77% and Dayton Hudson was up 5% to \$44. Toys "R" Us, which reported on Monday strong Christmas sales, gained a further \$14 to \$37%.

BankAmerica slipped 5% to \$14%. It gave late on Monday its official rejection as expected of the takeover bid worth about \$22 a share from First Interstate, which lost 5% to \$55%. BankAmerica announced several measures including plans to raise an unspecified amount of equity capital.

Boeing dropped \$2% to \$51 after Morgan Stanley's analyst cut his earnings forecast and changed his recommendation to a "strong hold" from a buy.

Wang Labs fell 5% to \$114. It said its second quarter loss would be greater than the first's \$30m. Among other computer makers, IBM eased 5% to \$123. Digital Equipment advanced 5% to \$109, Data General gained 5% to \$32% and Cray Research added 5% to \$86%.

Gulf & Western rose 5% to \$66. It announced net profits from operations of \$3.66 a share for the year ended December against \$2.15 a year earlier.

Credit markets turned mixed in light trading with no perceptible reaction to the Administration's budget proposals or unfavourable news such as a far larg-

er than expected rise on Monday in money supply for the latest period.

The price of the 7.50 per cent Treasury long bond slipped 5/8 of a point to 101 1/4 at which it yielded 7.35 per cent. With the exception of a few marginal price increases, the trend was generally lower.

Three-month Treasury bills eased two basis points to 5.49 per cent, six-month bills eased four basis points to 5.19 per cent and year bills slipped three basis points to 5.50 per cent.

Markets are taking no notice of the budget presented to Congress on Monday because its final form will be substantially altered by political horse-trading before it comes into effect in October. The budget's economic forecast are more closely in line with Wall Street's own forecasts since the Administration downgraded its estimates late last year.

Little credence is given to the administration's forecast of a federal government budget deficit in fiscal 1988, beginning this October, of \$10.6bn. Private sector forecasts are around \$175bn to \$180bn, assuming the economy does not slip into a recession.

EUROPE

Zurich stays on path to new peaks

SOME OF THE MOMENTUM displayed on the European bourses in recent days was lost yesterday due to some market closures for the Epiphany holiday.

Zurich remained in the spotlight, however, with a fresh 4-point gain in the Credit Suisse stock index to a record 571.1.

The overnight surge on Wall Street combined with the strong New Year rally in Tokyo to underpin Swiss sentiment although the weaker dollar dampened enthusiasm in some exchange-rate-sensitive sectors such as industrials and chemicals. Moves by Credit Suisse and Union Bank to trim key interest rates fuelled early gains, dealers said. Institutional demand persisted for most of the session although some light profit-taking turned some sectors from their highs.

Nestlé, which managed a SF 150 jump on Monday, rose a further SF 25 to SF 9,950, another new 12-month high. Chemicals held virtually unchanged although leading pharmaceutical group Hoffmann-La Roche jumped SF 3,000 to SF 115,500 and its "Baby" 1/10th share added SF 100 to SF 12,575.

The bond market was overshadowed by the record performance in the stock market and prices firmed in quiet trading.

Paris was actively higher on the Government's tough stance on the public sector disputes and an expected influx of liquidity from the 1986 dividend payments. Prospects of lower French interest rates, stemming from a realignment of European Monetary System currencies, ignited strong demand as Mr Eduard Balladur, economics minister, rejected the possibility of devaluation of the franc.

Both interest rate and currency sensitive issues enjoyed steady demand with foods, car and electronic stocks particularly active.

Beguin Say closed with a SF 37 jump to SF 57 and ESN scored a SF 165 rise to SF 4,450.

Frankfurt finished firm on improved volume on the strength of the US, Japanese and Swiss markets. The Commerzbank index gained a further 12.8 to 2,048.3.

Trading was largely unaffected by the news that November new industry orders fell 0.9 per cent after a 1.9 per cent decline in October and that November industrial output was 0.8 per cent higher after a 1.0 per cent gain in October.

Bond prices suffered some mild profit-taking with longs up to 15 basis points lower. Prices, however, were largely supported by the dollar's weakness against the D-Mark.

The Bundesbank sold DM 21.4m of paper compared with DM 96.8m on Monday.

Brussels was higher in light trading as Petrofina, which represents over 25 per cent of the bourse's capitalisation, jumped BFr 280 to BFr 9,500, just below its 1986/87 high, while Solvay at BFr 8,400 was BFr 170 higher.

Sentiment among utility and other interest rate-sensitive stocks was dampened by Banque Nationale de Belgique raising its three-month Treasury bill rates by a half percentage point to 7.90 per cent.

Amsterdam closed mixed to lower despite the continued strength shown by Wall Street. Internationals were easier as the dollar continued to lose ground.

Oslo gained some inspiration from the early gains in New York while Milan, Stockholm, Madrid and Vienna were closed for holidays.

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THE MOMENTUM from Wall Street's rally and its own climb on Monday pushed Toronto sharply higher again. The composite index neared its record high of 3,129.11, set last April, with gains easily outstripping losses.

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